

INDICATION OF OBLIGATION AVOIDANCE BY PT LIPPO CIKARANG TBK. TO INCREASE COMPANY PROFITS

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Abstract: This research is intended to provide new findings in the case of the Meikarta project and the responsibility of PT Lippo Cikarang Tbk. The sample used is based on financial statements from period to period to determine the condition of the company at that time. The approach of this research is descriptive analysis to explain the condition of the target market at that time. The results of this study show that PT Lippo Cikarang Tbk. gain a significant increase in profits after avoiding its obligations to the development of the company. As well as the systematic abdication of responsibility for the Meikarta project that had been planned from the start. Finally, the Meikarta project went bankrupt and its subsidiaries became burdened by various debts. The results of this study are expected to be implemented for one's insight into earnings management through the Meikarta case. Insight into earnings management practices must be known and careful about because they can have negative and positive impacts.

Keywords: Meikarta, earnings management, responsibility

INTRODUCTION

For Indonesia's development to thrive, all companies must undertake substantial projects to expand their markets and facilities, ensuring they remain competitive with their peers (Yusri & Syafri, 2021). As development requires significant capital, investors play a crucial role in funding these projects (Raco et al., 2019). However, investors seek low-risk, high-profit companies on the stock exchange, leading some companies to engage in earnings management practices to attract investors. Earning management is proven to be effective in increasing profits or decreasing losses to be attractive to investors. This can be done by lowering expenses, increasing revenues, or by deconsolidating a loss-making entity. This was the case with PT Lippo Cikarang Tbk., which is suspected of

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manipulating earnings during the Meikarta project to create the appearance of a favorable financial condition.

The Meikarta project was first promoted by PT Lippo Cikarang Tbk. and its subsidiary PT Mahkota Sentosa Utama in 2016. This project gained a lot of media attention because it was the largest project of its time. However, in 2017, the project faced difficulties due to issues with licenses that were not appropriate for construction. These irregularities indicate that the Meikarta project was sold with a pre-project selling system, even though it did not have a legal permit from the government (Therik & Gultom, 2023). As a result, the Meikarta project faced setbacks that eventually led to its unilateral termination.

Customers had made payments to purchase property units for the Meikarta project. However, the project remained incomplete for four years, which prompted the customers to file a lawsuit against PT Lippo Cikarang Tbk., the parent company. PT Lippo Cikarang Tbk. stated that all responsibility for the Meikarta project had been transferred to PT Mahkota Sentosa Utama, as PT Lippo Cikarang no longer controlled PT Mahkota Sentosa Utama and had no position in the Meikarta project anymore (Awi et al., 2023). In May 2018, PT Mahkota Sentosa Utama was sued for bankruptcy by its two vendors, PT Relys Trans Logistic and PT Imperia Cipta Kreasi, at the Central Jakarta Commercial Court under case number 68/Pdt.Sus-PKPU/2018/PN.Jkt.Pst. In the same year, in October 2018, KPK conducted an arrest operation for an alleged licensing bribery case.

The Meikarta project has caused harm to many people and has now become a civil case. Unfortunately, a solution to the case has yet to be found and there has been no news from PT Lippo Cikarang Tbk. or PT Mahkota Sentosa Utama. Members of the Meikarta Consumer Care Community Association (PKPKM) have complained to the DPR and have requested assistance in obtaining the rights they are due from PT Mahkota Sentosa Utama. However, PT Mahkota Sentosa Utama has also experienced financial losses and problems, which has resulted in them not having sufficient capital to return customer funds (Tatawinarta et al., 2023). Meanwhile, PT Lippo Cikarang Tbk. has stated that it will not be responsible for the process of returning funds as it has been released from the Meikarta project and is no longer the parent company of PT Mahkota

Sentosa Utama (Awi et al., 2023). This has left customers in a disadvantaged position, as they are unable to receive the rights they were promised.

There are certain irregularities in this case concerning the Meikarta project and its founders, PT Lippo Cikarang Tbk. and PT Mahkota Sentosa Utama. While the former promotes the sale of land in Meikarta, the latter is responsible for building and contracting the project. As the parent company, PT Lippo Cikarang Tbk. wanted to enliven its commercial area with Meikarta and profit from the sales made by PT Mahkota Sentosa Utama. However, with cases of licensing, bribery, and refund emerging, PT Lippo Cikarang Tbk. has started to distance itself from the project. This move is suspected to have been made by selling its 100% ownership of PT Mahkota Sentosa Utama to foreign companies, namely PEAK Asia Investment Pte Ltd and Hasdeen Holdings Ltd. This has significantly increased PT Lippo Cikarang Tbk.'s profits for 2018, as seen in Figure 1. Before the sale, the company had been holding the Meikarta project since 2016 but had suffered losses due to its subsidiary, PT Mahkota Sentosa Utama, as seen in Figure 2. The sudden increase in profits suggests the possibility of corporate earnings management practices.

	Catatan/ Notes	2018 Rp	2017*) Rp	
PENDAPATAN	10, 32	2,209,581	1,501,178	REVENUES
BEBAN PAJAK FINAL	19.a	(85,189)	(43,654)	FINAL INCOME TAX
PENDAPATAN NETO		2,124,392	1,457,524	NET REVENUES
BEBAN POKOK PENDAPATAN	33	(869,943)	(823,825)	COST OF REVENUES
LABA BRUTO		1,254,449	633,699	GROSS PROFIT
Beban Usaha	34	(305,020)	(278,223)	Operating Expenses
Penghasilan Lainnya	36	126,978	18,354	Other Income
Beban Lainnya	36	(37,591)	(20,406)	Other Expenses
LABA USAHA		1,038,816	353,424	OPERATING INCOME
Penghasilan (Beban) Keuangan - Neto	35	(11,216)	7,688	Financial Income (Expenses) - Net
Keuntungan Pencatatan Investasi pada Entitas				Gain from Record of Investment on
Asosiasi dengan Nilai Wajar	37	2,357,794	--	Association using Fair Value
Bagian Laba Entitas Asosiasi dan Ventura Bersama - Neto		(1,137,334)	19,622	Equity in Profit on Investment in Associates and Joint Venture - Net
LABA SEBELUM PAJAK		2,248,060	380,734	PROFIT BEFORE TAX
BEBAN PAJAK PENGHASILAN	19.a	(27,338)	(12,308)	INCOME TAX BENEFITS
LABA TAHUN BERJALAN SETELAH PROFORMA		2,220,722	368,426	PROFIT FOR THE YEAR AFTER PROFORMA
PENYESUAIAN PROFORMA	43	--	14	PROFORMA ADJUSTMENT
LABA TAHUN BERJALAN		2,220,722	368,440	PROFIT FOR THE YEAR

Figure 1 Increase in Profit for the Year in 2018
Source: Financial Report of PT Lippo Cikarang Tbk. (2018)

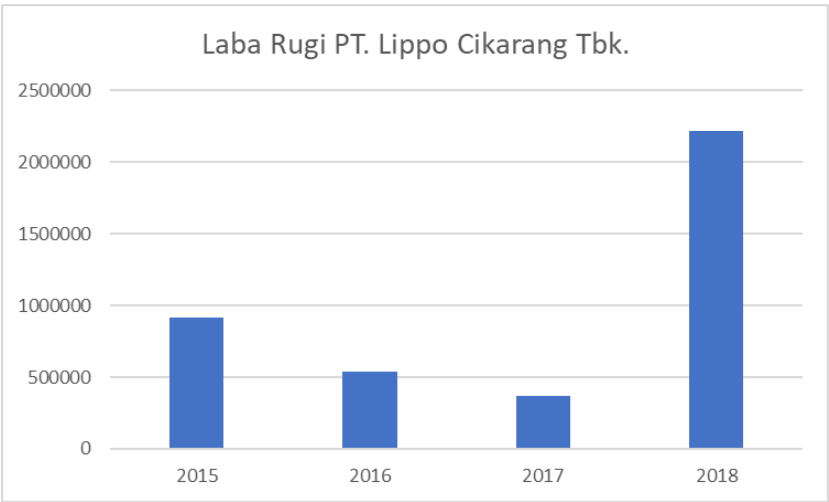


Figure 2 Profit and Loss of PT Lippo Cikarang Tbk. (2015–2018)
Source: Financial Statements of PT Lippo Cikarang Tbk. (2015–2018)

Recent research by Tatawinarta et al. (2023), Therik & Gultom (2023), Salim et al. (2023), and Rahmatika & Sarah (2022) suggests that PT Mahkota Sentosa Utama, as the final holder of the Meikarta project, is responsible for refunding the purchase of the Meikarta land area. However, these studies did not thoroughly investigate the alleged earnings management of PT Lippo Cikarang Tbk. that may release them from this responsibility.

This study utilizes a descriptive analysis approach to explore the potential earnings management and accountability of PT Lippo Cikarang Tbk. towards PT Mahkota Sentosa Utama. Our objective is to determine the legal responsibility for the entire project and the validity of PT Lippo Cikarang Tbk.’s share ownership transfer practices.

METHOD

The study employs descriptive research analysis to elucidate the share ownership status of PT Mahkota Sentosa Utama and the respective responsibilities of each entity. The analysis is conducted by examining the financial statements of PT Lippo Cikarang Tbk. from 2015 to 2019, to ascertain the pre and post-Meikarta project conditions, as well as the prevailing regulations during that period.

RESULTS

Operating Expenses While Holding the Meikarta Project

In the financial statements of PT Lippo Cikarang Tbk. in 2017, there was an indication of a large increase in prepaid expenses by the company as in Figure 3 there was an increase of 11.8x in advertising and marketing expenses used to promote the Meikarta project. Of course, this will make the company's financial statements seem to have a lot of expenses and its revenue will decrease as shown in Figure 4. Most of the funds spent by the company were aimed at promoting

8. Beban Dibayar di Muka

8. Prepaid Expenses

	2017 Rp	2016 Rp
Iklan dan Pemasaran/ Advertising and Marketing	552,165	2,859
Infrastruktur Kota/ Town Infrastructure	22,421	19,273
Sewa/ Rental	12,995	14,936
Lain-lain/ Others	3,239	5,856
Jumlah/ Total	590,820	42,924

Beban iklan dan pemasaran dibayar di muka terutama merupakan beban iklan dan pemasaran proyek Meikarta.

Figure 3 Advertising and Marketing Prepaid Expenses

Source: Lippo Cikarang Tbk. Financial Report (2017)

	Catatan/ Notes	2017 Rp	2016 Rp	
PENDAPATAN	32	1,501,178	1,544,898	REVENUES
BEBAK PAJAK FINAL	19.a	(43,654)	(60,338)	FINAL INCOME TAX
PENDAPATAN NETO		1,457,524	1,484,560	NET REVENUES
BEBAK POKOK PENDAPATAN	33	(823,825)	(773,298)	COST OF REVENUES
LABA BRUTO		633,699	711,262	GROSS PROFIT
Beban Usaha	34	(278,210)	(191,634)	Operating Expenses
Pendapatan Lainnya		18,354	22,481	Other Income
Beban Lainnya		(20,406)	(12,373)	Other Expenses
LABA USAHA		353,437	529,736	OPERATING INCOME
Pendapatan Keuangan - Neto	35	7,689	25,325	Financial Income - Net
Bagian Laba (Rugi) Entitas Asosiasi dan Ventura Bersama - Neto		19,622	(5,189)	Equity in Profit (Loss) on Investment in Associates and Joint Venture - Net
LABA SEBELUM PAJAK		380,748	549,872	PROFIT BEFORE TAX
MANFAAT (BEBAK) PAJAK PENGHASILAN	19.a			INCOME TAX BENEFITS (EXPENSES)
Pajak Kini		(13,781)	(15,526)	Current Tax
Pajak Tangguhan		1,473	5,450	Deferred Tax
Beban Pajak-Neto		(12,308)	(10,076)	Tax Expenses-Net
LABA TAHUN BERJALAN		368,440	539,796	PROFIT FOR THE YEAR

Figure 4 Profit for the Year 2017

Source: Lippo Cikarang Tbk. Financial Report (2017)

the Meikarta project in 2017 for sales that will be held starting in 2018. Therefore, the financial statement of PT Lippo Cikarang Tbk. in Figure 5 looks quite low and not very good during 2017. The increase in expenses can be one of the reasons PT Lippo Cikarang Tbk. wants to release its responsibility so that it will not be burdened with excessive expenses and increase its income in the next period.

Revenue During and After Holding the Meikarta Project

In 2018, it can be seen that there were many purchases made by consumers, as can be seen in the financial statements of PT Lippo Cikarang in 2018 there was a significant increase in revenue as shown in Figure 5. The figure shows a very significant increase in revenue in 2018 obtained through the sale of Meikarta units. At this time PT Lippo Cikarang Tbk. is still the parent company of PT Mahkota Sentosa Utama indirectly through Peak Asia Investment Pte Ltd. As the parent company of PT Lippo Cikarang Tbk. is entitled to get a percentage of the profit margin on the sale of apartment units made by PT Mahkota Sentosa Utama can be seen in figure 6.



Figure 5 Revenue of PT Lippo Cikarang Tbk. (2015–2018)
Source: Financial Report of PT Lippo Cikarang Tbk. (2015–2019)

32. Pendapatan

32. Revenues

	2018 Rp	2017 Rp
Penjualan Rumah Hunian dan Apartemen/ <i>Sales of Residential Houses and Apartments</i>	935,397	1,128,737
Penjualan Lahan Komersial dan Rumah Toko/ <i>Sales of Commercial Lands and Shophouses</i>	857,499	54,188
Pendapatan Pengelolaan Kota/ <i>Town Management</i>	273,740	222,012
Penjualan Tanah Industri/ <i>Sales of Industrial Lots</i>	76,754	33,011
Pendapatan Sewa dan Lainnya/ <i>Rental Income and Others</i>	66,191	63,230
Jumlah/ Total	2,209,581	1,501,178

Penjualan dengan nilai jual neto melebihi 10% dari jumlah penjualan neto untuk tahun-tahun yang berakhir pada 31 Desember 2018 dan 2017 adalah sebagai berikut:

Sales with net sales amount exceeding 10% of total net sales pertain for the years ended December 31, 2018 and 2017 are as follows:

	2018 Rp	2017 Rp	Persentase terhadap Jumlah Pendapatan/ Percentage to Revenues 2018 %	2017 %
Penjualan Lahan Komersial/ <i>Sales of Commercial Lands</i>				
PT Mahkota Sentosa Utama, Entitas Asosiasi/ <i>Associate Entity</i>	838,158	--	37.93	--

Figure 6 Commercial Land Sales Revenue

Source: Financial Report of PT Lippo Cikarang Tbk. (2018)

PT Lippo Cikarang Tbk. earned sales that exceeded the level of net profit in the previous year through its investment in PT Mahkota Sentosa Utama through Peak Asia Investment Pte Ltd at that time. It can also be seen in Figure 7 that most of PT Lippo Cikarang Tbk.'s revenue at that time came from PT Mahkota Sentosa Utama in the sale of Meikarta project units.

In the end, after getting a large profit through the sale of Meikarta units, PT Lippo Cikarang Tbk. seems to have begun to eliminate its control over PT Mahkota Sentosa Utama. This is allegedly intended so that PT Lippo Cikarang Tbk. will not bear anything if something goes wrong in the construction, be it for maintenance, refunds, or even work accidents. If PT Lippo Cikarang Tbk. still has control, it will also bear all the risks of development, but also vice versa if not then it does not need to bear anything. So it can be seen that PT Lippo Cikarang Tbk. only wants to get income from the distribution of margins from the sale of apartment units by PT Mahkota Sentosa Utama and does not want to be responsible for all risks in development after sales.

10. Transaksi dan Saldo dengan Pihak Berelasi 10. Transactions and Balances with Related Parties

Rincian saldo dan transaksi dengan pihak-pihak berelasi adalah sebagai berikut:

The details of the account balances with related parties are as follows:

	2018 Rp	2017 Rp	Persentase terhadap Jumlah Aset/ Percentage to Total Assets	
			2018 %	2017 %
PT Bank Nationalnobu Tbk				
Rekening Giro/ Current Accounts	54,517	117,683	0.63	0.94
Dana yang Dibatasi Penggunaannya/ Restricted Funds	23,755	359,800	0.28	2.89
Jumlah/ Total	78,272	477,483	0.91	3.83
Piutang Usaha/ Trade Account Receivable				
PT Bumi Lemahabang Permai	5,502	5,502	0.06	0.04
Dikurangi: Penyisihan Penurunan Nilai Piutang/ Less: Allowance for Impairment in Value	(5,502)	(5,502)	(0.06)	(0.04)
Jumlah Neto/ Net	--	--	--	--
Piutang Pihak Berelasi Non-Usaha/ Due from Related Parties Non-Trade				
PT Mahkota Sentosa Utama	408,997	--	4.76	--
PT Bumi Lemahabang Permai	9,991	9,991	0.12	0.08
Lain-lain (masing-masing di bawah Rp1.000)/ Others (each below Rp1,000)	3,372	1,549	0.04	0.01
Jumlah/ Total	422,360	11,540	4.92	0.09
Dikurangi: Penyisihan Penurunan Nilai Piutang/ Less: Allowance for Impairment in Value	(11,005)	(11,005)	(0.13)	(0.09)
Jumlah Neto/ Net	411,355	535	4.79	0.00
Penjualan Lahan Komersial/ Sales of Commercial Lands				
PT Mahkota Sentosa Utama	838,158	--	37.93	--

Figure 7 Related Party Transactions and Balances
Source: Financial Report of PT Lippo Cikarang Tbk. (2018)

Chronology of Equity Transfer

Initially, PT Mahkota Sentosa Utama was owned by PT Megakreasi Cikarang Permai and PT Great Jakarta Inti Development since 2015 which is also a subsidiary of PT Lippo Cikarang with 100% ownership. So it can be concluded that PT Mahkota Sentosa Utama is indirectly owned by PT Lippo Cikarang Tbk. by 100%. This can be seen in the 2015 Financial Statements of PT Lippo Cikarang Tbk. as follows in figure 8. In 2016, PT Mahkota Sentosa Utama under the control of PT Lippo Cikarang Tbk. began to announce to the public about the Meikarta mega project which attracted a lot of consumer attention to immediately invest in the apartment units.

Entitas Anak/ Subsidiaries	Kegiatan Usaha Utama/ Principal Activity	Domisil/ Domicile	Tahun Operasi Komersial/ Start of Commercial Operations	Persentase Pemilikan (Langsung dan Tidak Langsung)/ Percentage of Ownership (Direct and Indirect) %	Total Asset/ Total Assets	
					2015 Rp	2014 Rp
PT Great Jakarta Inti Development	Pengelolaan Kota dan Real Estat/ Estate Management and Real Estate	Bekasi	1992	100	399,691,712,048	166,167,908,743
PT Megakreasi Cikarang Damai	Real Estat/ Real Estate	Tangerang	2015	100	9,992,431,270	2,979,317,511
PT Megakreasi Cikarang Permai	Real Estat/ Real Estate	Tangerang	2015	100	98,888,412,985	500,000,000
PT Megakreasi Cikarang Asri *)	Real Estat/ Real Estate	Bekasi	--	75	33,000,800,000	33,000,800,000
PT Megakreasi Propertindo Utama *)	Real Estat/ Real Estate	Bekasi	--	75	67,627,567,693	33,000,817,000
PT Megakreasi Cikarang Realtindo	Perdagangan, Pembangunan dan Jasa/ Trading, Developer and Service	Bekasi	2015	100	7,385,268,997	--
PT Mahkota Sentosa Utama	Pemasaran dan Pengelolaan Gedung/ Marketing and Building Management	Bekasi	2015	100	1,250,000,000	--

Figure 8 Subsidiary Entities of PT Lippo Cikarang Tbk.
Source: Financial Report of PT Lippo Cikarang Tbk. (2015)

In 2017, PT Mahkota Sentosa Utama as the owner of the Meikarta project began building apartment units for the Meikarta project that were ready for sale. However, in the 2017 financial statements, there is a company domiciled in Singapore, namely Peak Asia Investment Pte Ltd, which was also established in 2017, and appears in the structure of a subsidiary of PT Lippo Cikarang Tbk. with 100% direct ownership as in Figure 9 below. So it can be said that Peak Asia Investment Pte Ltd is PT Lippo Cikarang itself, but its domicile or office is in Singapore.

In the same year, shortly after the entry of Peak Asia Investment Pte Ltd, on February 1, 2017, PT Megakreasi Cikarang Permai and PT Great Jakarta Inti Development approved the entry of Peak Asia Investment Pte Ltd through the issuance of new shares in PT Mahkota Sentosa Utama. Through the issuance of new shares, Peak Asia Investment Pte Ltd obtained 50% ownership in PT Mahkota Sentosa Utama which can be seen in the 2017 financial statements in figure 10. However, on February 1, 2017 why the company PT Mahkota Sentosa

Entitas Anak/ Subsidiary	Domisili/ Domicile	Jenis Usaha Utama/ Main Business	Persentase Kepemilikan/ Ownership Percentage		Tahun Awal Beroperasi/ Year of Starting Operation	Jumlah Aset/ Total Assets	
			Langsung/ Direct	Tidak Langsung/ Indirect		2017 Rp	2016 Rp
PT Megakreasi Cikarang Asri dan/ and Entitas Anak/ Subsidiary	Bekasi	Real Estat/ Real Estate	--	75.00%	--	83,080	69,649
PT Megakreasi Properti Utama	Bekasi	Real Estat/ Real Estate	--	75.00%	--	82,990	69,559
Peak Asia Investment Pte Ltd**)	Singapura/ Singapore	Investasi/ Investment	100.00%	--	--	1,514,186	--
PT Mahkota Sentosa Ekanusa	Bekasi	Real Estat/ Real Estate	75.00%	25.00%	--	371	370
PT Megakreasi Teknik	Bekasi	Konstruksi Gedung/ Building Construction	80.00%	20.00%	--	2,232	1,937
PT Megakreasi Nusantara Teknologi	Bekasi	Real Estat/ Real Estate	90.00%	10.00%	--	85	85
PT Pondera Prima Sarana	Bekasi	Real Estat/ Real Estate	75.00%	25.00%	--	98	98
PT Telaga Banyu Murni dan/ and Entitas Anak/ Subsidiary	Bekasi	Real Estat/ Real Estate	75.00%	25.00%	--	43,752	43,752
PT Karimata Alam Damai	Bekasi	Real Estat/ Real Estate	--	100.00%	--	43,667	43,667
PT Megakreasi Cikarang Realindo	Bekasi	Perdagangan, Pembangunan dan Jasa/ Trading, Developer and Service	75.00%	25.00%	2015	7,469	5,878
PT Tunas Mahkota Dinamika**)	Bekasi	Rekreasi dan Kesenian/ Recreation and Art	75.00%	25.00%	2017	500	--
PT Mega Dinamika Utama**)	Bekasi	Real Estat/ Real Estate	75.00%	25.00%	2017	1,000	--
PT Tritunggal Prima Utama**)	Bekasi	Real Estat/ Real Estate	75.00%	25.00%	2017	175	--
PT Mega Prima Kreasi**)	Bekasi	Real Estat/ Real Estate	75.00%	25.00%	2017	100	--

) Dilikuidasi/ In liquidation

*) Didirikan tahun 2017/ Established in 2017

Figure 9 Parent Subsidiary of PT Lippo Cikarang Tbk. (2017)

Source: Financial Report of PT Lippo Cikarang Tbk. (2017)

Utama should be acquired by a foreign company Peak Asia Investment Pte Ltd domiciled in Singapore with a portion of ownership greater than the portion of ownership of PT Megakreasi Cikarang Permai and PT Great Jakarta Inti Development. At the same time, these three companies are fully controlled by PT Lippo Cikarang Tbk. itself, so there seems to be an indication to move the share ownership abroad to avoid domestic problems.

Berdasarkan perjanjian para pemegang saham PT Mahkota Sentosa Utama (MSU), entitas anak, tanggal 1 Februari 2017, PT Megakreasi Cikarang Permai (MKCP) dan PT Great Jakarta Inti Development (GJID), keduanya entitas anak, menyetujui masuknya pemegang saham baru yaitu Peak Asia Investment Pte. Ltd (PEAK), entitas anak, melalui penerbitan saham baru MSU. Bagian saham yang akan diambil oleh PEAK tidak melebihi 50% dari jumlah kepemilikan saham yang diterbitkan oleh MSU.

Figure 10 Acquisition of PT Mahkota Sentosa Utama by PEAK by 50%

Source: Financial Report of PT Lippo Cikarang Tbk. (2017)

Suspensions began to return, previously 50% of the shares of PT Mahkota Sentosa Utama as the builder of the Meikarta project had been acquired by

foreign investors Peak Asia Investment Pte Ltd, of course, the ownership portion of PT Megakreasi Cikarang Permai and PT Great Jakarta Inti Development was reduced. However, it can be seen in Figure 11 that there is a company that agreed, namely Hasdeen Holdings Ltd, which wants to be aimed at acquiring and obtain control of PT Mahkota Sentosa Utama but through Peak Asia Investment Pte Ltd, which is PT Lippo Cikarang Tbk. itself, not through PT Megakreasi Cikarang Permai and PT Great Jakarta Inti Development. Both are foreign companies but this agreement is still not executed in 2017.

Kemudian berdasarkan perjanjian jual beli bersyarat tanggal 10 Maret 2017, Perusahaan menyetujui keterlibatan Hasdeen Holdings Ltd (HH), sebuah perusahaan yang didirikan di British Virgin Islands, dalam proyek baru MSU melalui penempatan investasi saham pada PEAK yang akan diterbitkan kemudian. Partisipasi tidak langsung HH melalui PEAK sebesar USD300,000,000 akan diangsur terhitung sejak ditandatanganinya perjanjian ini sampai dengan tanggal 31 Desember 2018.

Figure 11 PEAK's agreement with Hasdeen Holdings
Source: Financial Report of PT Lippo Cikarang Tbk. (2017)

In the end, it was also slowly seen that all subsidiaries of PT Lippo Cikarang Tbk. began to separate from PT Mahkota Sentosa Utama in figure 12 it can be seen that another foreign investor entered as a new shareholder in PT Mahkota Sentosa Utama. With this, PT Great Jakarta Inti Development sold all of its shares to PT Megakreasi Cikarang Permai and Peak Asia Investment Pte Ltd. Hasdeen Holdings also provided funds through Peak Asia Investment Pte Ltd to acquire PT Mahkota Sentosa Utama as a whole. So it is suspected that PT Lippo Cikarang Tbk. 2017 has indicated that it wants to transfer all of its local subsidiaries to be separated from the Meikarta project and PT Mahkota Sentosa Utama. So that only leaves all of its ownership of PT Mahkota Sentosa Utama indirectly through foreign companies in this case PT Lippo Cikarang Tbk. through Peak Asia Investment Pte Ltd which is PT Lippo Cikarang Tbk. itself. However, PT Lippo Cikarang Tbk. also slowly relinquished all control and ownership by making it appear as if Peak Asia Investment Pte Ltd was acquired by another company that did not belong to it, namely Hasdeen Holdings.

Berdasarkan perjanjian investasi pada tanggal 15 Maret 2017, antara Perusahaan, MKCP, GJID dan PEAK sepakat masuknya Masagus Ismail Ning (IN) sebagai pemegang saham baru di MSU dengan penjualan 3 saham PEAK kepada IN dengan harga nominal. GJID menjual seluruh sahamnya kepada MKCP dan PEAK mengesampingkan *pre-emptive right* yang dimilikinya. Terkait dengan rencana pengeluaran saham baru dari MSU, MKCP menyetujui untuk tidak menggunakan haknya. Atas penerbitan saham MSU, HH akan membiayai PEAK sebesar USD300,000,000 untuk memperoleh seluruh saham baru yang akan diterbitkan oleh MSU. Sehingga kepemilikan PEAK, MKCP dan IN adalah masing-masing sebesar 49,999%, 49,999% dan 0,002%.

Figure 12 Sale of Entire Ownership of PT Great Jakarta Inti Development to Peak
Source: Financial Report of PT Lippo Cikarang Tbk. (2017)

The company had originally made its parent company subsidiaries, namely PT Megakreasi Cikarang Permai and PT Great Jakarta Inti Development, which originally had ownership in PT Mahkota Sentosa Utama to be separated from PT Mahkota Sentosa Utama with the existence of Peak Asia Investment Pte Ltd through suppressing the portion of ownership in PT Mahkota Sentosa Utama by acquiring the entire issuance of shares and in the end PT Megakreasi Cikarang Permai and PT Great Jakarta Inti Development sold all of their ownership to Peak Asia Investment Pte Ltd. So the only remaining is PEAK which has ownership in PT Mahkota Sentosa Utama, even though Peak Asia Investment Pte Ltd is PT Lippo Cikarang Tbk. itself. So the only one left is PEAK who has ownership in PT Mahkota Sentosa Utama, even though Peak Asia Investment Pte Ltd is PT Lippo Cikarang Tbk. itself.

In the end, Peak Asia Investment Pte Ltd which was originally owned by PT Lippo Cikarang Tbk. sold all of its ownership to Hasdeen Holdings which is allegedly a fictitious company established in the British Virgin Islands as in Figure 13. With this, PT Lippo Cikarang has separated from PT Mahkota Sentosa Utama completely after taking profit on all sales so as not to be affected by all sales and development risks in the future by escaping through the creation of a fictitious company used to transfer all of its ownership, namely Hasdeen

Holdings. It can also be seen in Figure 14 where PT Lippo Cikarang Tbk. has not consolidated all expenses and losses of PT Mahkota Sentosa Utama.

Berdasarkan Akta Notaris No.13, tanggal 11 Mei 2018, **Peak Asia Investments Pte. Ltd., (PEAK)**, entitas anak, **melepas kepemilikan 14.000 saham di PT Mahkota Sentosa Utama (MSU)**, entitas anak, kepada Mas Agoes Ismail Ning dengan harga pengalihan sebesar Rp14. **Kemudian Perusahaan melepas seluruh kepemilikan saham di PEAK kepada Hasdeen Holdings Limited**, pihak ketiga, dengan harga pengalihan sebesar SGD 1. Atas pelepasan saham tersebut, selisih nilai transaksi pengalihan saham dan bagian investasi di PEAK dan MSU yang dialihkan sebesar Rp119.201 dicatat sebagai selisih transaksi pihak nonpengendali.

Figure 13 Sales of All Shareholdings in Peak
Source: Financial Report of PT Lippo Cikarang Tbk. (2018)

Entitas Anak/ Subsidiary	Domisili/ Domicile	Jenis Usaha Utama/ Main Business	Persentase Kepemilikan/ Ownership Percentage		Tahun Awal Beroperasi/ Year of Starting Operation	Jumlah Aset/Total Assets	
			Langsung/ Direct	Tidak Langsung/ Indirect		2018 Rp	2017 Rp
PT Cahaya Ina Permai dan/ and Entitas Anak/ Subsidiaries	Bekasi	Real Estat/ Real Estate	75.00%	25.00%	--	423,121	7,660,077
PT Astana Artha Mas	Bekasi	Real Estat/ Real Estate	--	100.00%	--	67,319	67,321
PT Megakreasi Cikarang Damai	Bekasi	Real Estat/ Real Estate	--	100.00%	2015	138,472	165,757
PT Megakreasi Cikarang Asri dan/ and Entitas Anak/ Subsidiary	Bekasi	Real Estat/ Real Estate	--	75.00%	--	83,165	83,080
PT Megakreasi Properlindo Utama	Bekasi	Real Estat/ Real Estate	--	75.00%	--	83,075	82,990
PT Megakreasi Cikarang Permai dan/ and Entitas Anak/ Subsidiary	Bekasi	Real Estat/ Real Estate	--	100.00%	2015	1,700,121	7,313,716
PT Lippo Diamond Development ²⁾	Bekasi	Real Estat/ Real Estate	--	51.00%	2015	610,757	--
PT Mahkota Sentosa Utama¹⁾	Bekasi	Pemasaran dan Pengelolaan Gedung/ Marketing and Building Management	--	49.72%	2017	--	6,636,985
Peak Asia Investment Pte Ltd ¹⁾	Singapura/ Singapore	Investasi/ Investment	--	--	--	--	1,514,186

1) Dekonsolidasi tahun 2018/ Desc consolidated 2018

2) Dikonsolidasi tahun 2018/ Consolidated 2018

Figure 14 Deconsolidation of PT Mahkota Sentosa Utama
Source: Financial Report of PT Lippo Cikarang Tbk. (2018)

PT Lippo Cikarang Tbk. has relinquished its ownership as the parent company of PT Mahkota Sentosa Utama by making it appear as if it was acquired by a foreign company. It can be seen in Figure 15 that since 2019 PT Mahkota Sentosa Utama has not been consolidated and is not listed as a subsidiary of PT Lippo Cikarang Tbk. Therefore, all development and sales risks will not be borne

by PT Lippo Cikarang Tbk. but Hasdeen Holdings but it is also uncertain whether it will be borne or not. Suppose there are complaints from consumers who apply for refunds or work accidents PT Lippo Cikarang Tbk. will not be responsible again. This is the main goal of PT Lippo Cikarang Tbk. to take profit from sales alone for a certain period and then eliminate all traces and ownership to avoid all business risks and burdens. However, this is still detrimental to PT Mahkota Sentosa Utama which has been burdened until now, where consumers apply for refunds and PT Mahkota Sentosa Utama must do this even though the economic conditions are not good.

Entitas Anak/ Subsidiary	Domisili/ Domicile	Jenis Usaha Utama/ Main Business	Persentase Kepemilikan/ Ownership Percentage		Tahun Awal Beroperasi/ Year of Starting Operation	Jumlah Aset/Total Assets	
			Langsung/ Direct	Tidak Langsung/ Indirect		2019 Rp	2018 Rp
PT Great Jakarta Inti Development dan/ and Entitas Anak/ Subsidiaries	Bekasi	Pengelolaan Kota dan Real Estat/ Estate Management and Real Estate	99.99%	0.01%	1992	605,465	791,531
PT Tirta Sari Nirmala dan/ and Entitas Anak/ Subsidiaries	Bekasi	Pengelolaan Air Bersih dan Limbah/ Clean and Waste	75.00%	25.00%	2011	189,727	174,124
PT Tunas Pundi Bumi	Bekasi	Pengelolaan Kota/ Estate Management Water Management	25.00%	75.00%	2010	142,628	166,567
PT Sinar Surya Timur	Bekasi	Perdagangan, Pembangunan dan Jasa/ Trading, Development and Services	99.99%	0.01%	2007	77,528	77,330
PT Waska Sentana	Bekasi	Real Estat/ Real Estate	75.00%	25.00%	2014	622,972	652,310
PT Swadaya Teknopolis dan/ and Entitas Anak/ Subsidiaries	Bekasi	Real Estat/ Real Estate	99.99%	0.01%	2015	449,705	444,450
Premium Venture International Ltd dan/ and Entitas Anak/ Subsidiary	British Virgin Island	Investasi/ Investment	--	100.00%	2015	449,630	444,375
Intellipol Finance Ltd	British Virgin Island	Investasi/ Investment	--	51.72%	2015	448,659	443,404
PT Cahaya Ina Permai dan/ and Entitas Anak/ Subsidiaries	Bekasi	Real Estat/ Real Estate	75.00%	25.00%	--	565,658	423,121
PT Astana Artha Mas	Bekasi	Real Estat/ Real Estate	--	100.00%	--	67,319	67,319
PT Megakreasi Cikarang Damai	Bekasi	Real Estat/ Real Estate	--	100.00%	2015	244,251	138,472
PT Megakreasi Cikarang Asri dan/ and Entitas Anak/ Subsidiary	Bekasi	Real Estat/ Real Estate	--	75.00%	--	83,347	83,165
PT Megakreasi Propertindo Utama	Bekasi	Real Estat/ Real Estate	--	75.00%	--	83,257	83,075
PT Megakreasi Cikarang Permai dan/ and Entitas Anak/ Subsidiary	Bekasi	Real Estat/ Real Estate	100.00%	--	2015	2,179,510	2,335,916
PT Lippo Diamond Development ¹⁾	Bekasi	Real Estat/ Real Estate	--	51.00%	2015	535,056	610,757

1) Dikonsolidasi tahun 2018/ Consolidated 2018

Figure 15 Subsidiary Structure of the Company (2019)
Source: Financial Report of PT Lippo Cikarang Tbk. (2019)

Gain on Deconsolidation of PT Mahkota Sentosa Utama

PT Lippo Cikarang Tbk. after deconsolidation PT Mahkota Sentosa Utama will also recognize the gain on disposal of investment in its associate in 2018 which resulted in a very significant increase in net profit as shown in figure 16

that the composition of the gain on recording the investment is very large in the company's profit or loss. With the release of PT Mahkota Sentosa Utama from PT Lippo Cikarang Tbk. very much provides a large advantage for PT Lippo Cikarang Tbk, as seen in Figure 17. This is a side effect of deconsolidating the

	Catatan/ Notes	2018 Rp	2017*) Rp	
PENDAPATAN	10, 32	2,209,581	1,501,178	REVENUES
BEBAN PAJAK FINAL	19.a	(85,189)	(43,654)	FINAL INCOME TAX
PENDAPATAN NETO		2,124,392	1,457,524	NET REVENUES
BEBAN POKOK PENDAPATAN	33	(869,943)	(823,825)	COST OF REVENUES
LABA BRUTO		1,254,449	633,699	GROSS PROFIT
Beban Usaha	34	(305,020)	(278,223)	Operating Expenses
Penghasilan Lainnya	36	126,978	18,354	Other Income
Beban Lainnya	36	(37,591)	(20,406)	Other Expenses
LABA USAHA		1,038,816	353,424	OPERATING INCOME
Penghasilan (Beban) Keuangan - Neto	35	(11,216)	7,688	Financial Income (Expenses) - Net
Keuntungan Pencatatan Investasi pada Entitas Asosiasi dengan Nilai Wajar	37	2,357,794	--	Gain from Record of Investment on Association using Fair Value
Bagian Laba Entitas Asosiasi dan Ventura Bersama - Neto		(1,137,334)	19,622	Equity in Profit on Investment in Associates and Joint Venture - Net
LABA SEBELUM PAJAK		2,248,060	380,734	PROFIT BEFORE TAX
BEBAN PAJAK PENGHASILAN	19.a	(27,338)	(12,308)	INCOME TAX BENEFITS
LABA TAHUN BERJALAN SETELAH PROFORMA		2,220,722	368,426	PROFIT FOR THE YEAR AFTER PROFORMA
PENYESUAIAN PROFORMA	43	--	14	PROFORMA ADJUSTMENT
LABA TAHUN BERJALAN		2,220,722	368,440	PROFIT FOR THE YEAR

Figure 16 Profit and Loss of PT Lippo Cikarang Tbk. (2018)

Source: Financial Report of PT Lippo Cikarang Tbk. (2018)

37. Keuntungan Pencatatan Investasi pada Entitas Asosiasi dengan Nilai Wajar

Akun ini merupakan selisih antara nilai investasi pada entitas anak sebelum hilangnya pengendalian dengan bagian investasi yang diukur nilai wajarnya pada saat hilangnya pengendalian pada PT Mahkota Sentosa Utama (lihat Catatan 1.c).

Perhitungan keuntungan pencatatan investasi pada entitas asosiasi dengan nilai wajar adalah sebagai berikut:

37. Gain from Record of Investment on Association Using Fair Value

This account represents difference between investment value in a subsidiary before losing control with portion of investment that measured at fair value at the time of losing of control on PT Mahkota Sentosa Utama (see Note 1.c).

Computation of gain from record of investment on association using fair value is as follow:

	Rp
Nilai Investasi pada Entitas Anak Sebelum Hilangnya Pengendalian/ <i>Investment Value on a Subsidiary Before Losing of Control</i>	(117,838)
Nilai Wajar atas Bagian Investasi pada Saat Hilangnya Pengendalian/ <i>Fair Value of Investment Portion at the Losing of Control (lihat Catatan 11/ See Note 11)</i>	2,239,956
Labas Atas Hilangnya Pengendalian Pada Entitas Anak/ <i>Gain on Loss of Control in a Subsidiary</i>	2,357,794

Figure 17 Profit and Loss of PT Lippo Cikarang Tbk. (2018)

Source: Financial Report of PT Lippo Cikarang Tbk. (2018)

PT Mahkota Sentosa Utama entity, apart from eliminating its development obligations but also increasing profits. This is what makes PT Mahkota Sentosa Utama begin to have an unfavorable and shaken economic condition resulting in the entire burden being dropped on PT Mahkota Sentosa Utama itself. Meanwhile, PT Lippo Cikarang Tbk. experienced a significant increase in profits.

Profitability Ratios Net Profit Margin, Return on Equity, and Earnings per Share

Profitability ratios in 2018 in earnings per share, return on equity, and net profit margin were the highest when deconsolidated PT Mahkota Sentosa Utama due to eliminating expenses and losses caused by the Meikarta project. The profitability ratio is very high and exceeds the average of other companies so it can certainly attract attention from investors to make investments. However, in 2019 the performance of PT Lippo Cikarang Tbk. began to decline and run normally although below the previous average. The earnings per share ratio tends to be very low with 221 in 2019 and below the previous years, namely 527 and 776. While return on equity experienced a very significant decline from 26.92% to 3.53% in 2019 and is still far below the previous years. Net profit margin tends to return to normal in 2019 and experienced a significant increase in 2018.

Table 1 Profitability Ratio of PT Lippo Cikarang Tbk. (2016–2019)

Description	2019	2018	2017	2016
EPS	221	2.818	527	776
ROE	3.53%	26.92%	4.77%	12.72%
NPM	22.66%	91.75%	24.54%	34.94%

DISCUSSION

It can be seen that PT Lippo Cikarang experienced a very significant increase in net profit and profitability ratios in 2018. By releasing shares of entities in a structured manner that continue to lose money and burden, namely PT Mahkota Sentosa Utama. The increase in 2018 was very unnatural and significant after the release of PT Mahkota Sentosa Utama shares. The increase

can be intended for various things including a) improving financial statements, b) attracting investors, and c) window dressing (Fahira et al, 2021). This is because PT Mahkota Sentosa Utama becomes a burden and continues to lose money so of course when it is consolidated all losses will also be borne by PT Lippo Cikarang Tbk. while when it is deconsolidated all losses are no longer recognized in the financial statements. However, in 2019 the company's performance tends to decrease significantly and return to normal. Indicating that the increase only occurred at that time and was not sustainable, but decreased very drastically.

Improving financial statements or earnings management is one of the efforts made by companies to beautify their company's performance to display a large profit (Hayati, 2023). The goal is actually to attract investors or bank credit, but this will also be affected by the sustainability of the increase (Lestari & Wulandari, S. O., 2019). In this case, it is suspected that PT Lippo Cikarang Tbk. carried out earnings management to increase its profits. However, the company's performance decreased significantly in 2019 and that until 2019. This shows that the increase was only in one specific period when the release of PT Mahkota Sentosa Utama. It can be said to be earnings management if it has a level of profit that has been engineered and consistent (Astari & Suryanawa, 2017). So earnings management practices have not been proven due to the lack of consistency of profits and only increased in one period, namely due to the release of subsidiaries.

Meanwhile, the responsibility of PT Lippo Cikarang Tbk. is indeed proven by share ownership that no longer holds the Meikarta project and PT Mahkota Sentosa Utama. PT Mahkota Sentosa Utama must stand alone at this time and complete its responsibilities as it should. PT Lippo Cikarang Tbk. has succeeded in releasing itself from its responsibilities in a structured manner with the role and acquisition of a foreign company, Hasdeen Holdings. The transfer of equity carried out by PT Lippo Cikarang Tbk. is indeed unnatural and there are fraudulent practices that have been structured to escape its responsibilities. In accounting terms, PT Lippo Cikarang Tbk. does not own shares in PT Mahkota Sentosa Utama, it should still have responsibility for the Meikarta project because it is one of the pioneers of its establishment and also equally enjoys the proceeds from the sale of Meikarta project land, especially for the down payment that is

still being held by PT Lippo Cikarang Tbk. which can be used to refund so as not to burden both parties.

Conclusions, Limitations, and Suggestions

PT Lippo Cikarang Tbk. has transferred all of its share ownership and is no longer involved in the Meikarta project. The equity has been transferred to a foreign company, Hasdeen Holdings, and the process has been structured. However, there is some ambiguity as the subsidiary of PT Lippo Cikarang Tbk. was acquired by Peak Asia Investment Pte Ltd, an organization that was also acquired by PT Lippo Cikarang Tbk. The deconsolidation practice has made PT Lippo Cikarang Tbk. appear profitable with a significant increase in attracting investors. It is important to conduct further research on Peak Asia Investment Pte Ltd and Hasdeen Holdings. This study is limited to descriptive analysis of the financial statements of PT Lippo Cikarang, and more legal research is needed to determine the transfer of equity and its responsibility to the community.

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