

ABSTRACT

The study tests the value relevance of other comprehensive income (OCI) for the purpose of investment decision making. Specifically, this study investigates the value relevance of other comprehensive income and each components of other comprehensive income. Samples are all companies that listed in Indonesia Stock Exchange period 2011-2015. Samples are selected with purposive sampling method. The analysis method in this study using simple linear regression because for test each component of other comprehensive income in which any variables tested had a number of different samples.

The results showed the value relevance of other comprehensive income can not be proven statistically. But of the five components of OCI consists of surplus revaluation, actuarial gains and losses arising on a defined benefit pension plan, gain (loss) foreign currency translation adjustments, changes in the fair value of a financial instrument in a cash flow hedge, changes in the fair value of available for sale financial assets, the last two components are changes in the fair value of a financial instrument in a cash flow hedge and changes in the fair value of available for sale financial assets are shown to have a significant positive effect on stock returns. This research may prove that the information component of OCI consists of changes in the fair value of a financial instrument in a cash flow hedge and changes in the fair value of available for sale financial assets have value relevance.

Keywords: value relevance, other comprehensive income, components of other comprehensive income, stock return