

## The Impact of Audited Financial Statement Announcements on Stock Returns and Liquidity: Evidence from LQ45 Companies in Indonesia

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**ABSTRACT:** This study examines the impact of Audited Financial Statement Announcements on Stock Return and Stock Liquidity in companies listed in the LQ45 index on the Indonesia Stock Exchange during the 2021-2023 period. Using a quantitative approach, this research analyzes time-series data over an 11-day event window (five days before, the announcement day, and five days after). A total of 33 companies were selected through purposive sampling based on specific criteria. Stock liquidity is measured using trading volume activity and bid-ask spread, while data analysis was conducted using descriptive statistics and paired sample t-tests. The findings indicate that (1) audited financial statement announcements significantly affect stock liquidity-both trading volume and bid-ask spread-in the short term; (2) there is no significant impact on stock returns across all event periods; and (3) overall, the market responds more strongly in terms of liquidity than price movement, suggesting that audited financial reports serve as relevant signals for investor behavior, particularly in emerging markets.

**KEYWORDS:** Audited Financial Statements, Stock Return, Stock Liquidity, Trading Volume, Bid-Ask Spread, Event Study, LQ45, Market Reaction, Signaling Theory

### I. INTRODUCTION

The capital market is a platform that facilitates the trading of various financial instruments, both short-term and long-term in nature (Tandelilin, 2010). Among the instruments traded in this market are stocks, mutual funds, bonds, and exchange-traded funds (ETFs). In general, the capital market performs two fundamental roles: the economic function and the financial function. The economic function of the capital market lies in its ability to bring together buyers and sellers for the exchange of financial instruments, thus facilitating the efficient allocation of financial resources. On the other hand, its financial function is evident in the way the market provides companies (issuers) with access to capital through the issuance of securities, while at the same time offering investors the opportunity to earn returns on their invested funds. Moreover, the performance and vibrancy of a country's capital market is often regarded as a key indicator of national economic health. When trading volumes and transaction frequencies rise, it is typically interpreted as a sign of robust business activity, which in turn strengthens investor confidence and encourages greater investment inflows into the country.

In recent years, Indonesia's capital market has undergone substantial growth. According to data from the Indonesia Stock Exchange (IDX), as of April 2025, there were approximately 16 million registered investors holding Single Investor Identification Numbers (SID), with around 79% of them under the age of 40. This remarkable growth trend can be largely attributed to the improvement in the financial literacy of the Indonesian population. The 2025 National Survey on Financial Literacy and Financial Inclusion (SNLIK), conducted by the Financial Services Authority (OJK), revealed that the Financial Literacy Index had increased to 66.46%, while the Financial Inclusion Index had reached 80.51% in 2024. These figures indicate that Indonesian society has become increasingly aware of financial products and the risks associated with them. Among the many types of investment instruments available, stocks remain the most popular among individual investors due to their accessibility, potential returns, and liquidity.

One of the most widely recognized and preferred financial instruments in the capital market is the common stock. A stock represents ownership or equity participation in a corporation. Individuals or entities that hold shares in a company automatically become partial owners of that entity. This ownership entitles shareholders to several important rights, including the right to receive a share of the company's profits in the form of dividends, the right to claim a portion of the company's assets in the event of liquidation, and the right to participate in key corporate decisions through voting rights at the General Meeting of Shareholders (GMS) (Kurniawan



D., 2019). Thus, stocks are not only investment vehicles but also mechanisms through which shareholders may influence corporate governance and strategy.

In practice, stock prices tend to fluctuate significantly in response to various external and internal factors. Price movements are often triggered by the release of economic, social, or political information from both domestic and global sources. Variables such as inflation, interest rates, exchange rates, commodity prices, and production output can all influence investor sentiment and market behavior. When the news is perceived as positive, it tends to boost investor confidence, thereby increasing demand and pushing prices upward. Conversely, negative or uncertain information may lead to a loss of confidence and result in price declines (Saadah, 2016). Beyond these macroeconomic factors, the market is also highly responsive to firm-specific disclosures, particularly those concerning financial performance. Among such disclosures, audited financial statements are regarded as a highly influential source of information for market participants (Darmadji T., 2001).

Audited financial statements, as disclosed by companies to the Indonesia Stock Exchange, provide a comprehensive and verified account of the firm's financial condition and performance. These reports are prepared in accordance with established accounting standards and are reviewed by independent public accountants. The documents typically include the auditor's opinion, statement of financial position, statement of profit or loss, statement of changes in equity, statement of cash flows, and detailed notes to the financial statements that provide contextual information and disclose accounting policies. As such, the announcement of audited financial statements represents a critical informational event that can significantly influence investor perception and valuation of a company.

Against this background, the present study aims to empirically analyze the impact of audited financial statement announcements on stock returns and stock liquidity. Stock liquidity is measured using two proxies: trading volume activity and bid-ask spread. The research focuses specifically on comparing these indicators before, during, and after the announcement period. By observing changes in trading volume, bid-ask spread, and stock returns across a defined event window, this study seeks to provide a deeper understanding of how capital market participants-particularly investors-react to financial disclosures. Furthermore, this investigation highlights the role of liquidity as a key element in shaping market efficiency and guiding informed investment decisions, especially in the context of emerging markets such as Indonesia.

## II. LITERATURE REVIEW

### A. Signaling Theory

In the context of capital markets, it is widely acknowledged that the various parties involved often possess unequal access to information (Desi, 2023). For instance, corporate management generally holds more complete and in-depth knowledge about the company's internal conditions and future prospects compared to external stakeholders such as investors or creditors. This discrepancy stems from the need for management to safeguard confidential or strategic information, the disclosure of which could potentially threaten the company's competitive advantage or operational continuity. However, certain key information must be disclosed to ensure transparency and accountability, especially toward investors and regulatory authorities. It is within this context that Signaling Theory becomes relevant.

Signaling Theory, widely discussed in economics and finance, provides a conceptual framework for understanding how market participants-especially firms and investors-seek to reduce uncertainty and address information asymmetry (Yasar, 2020). In capital markets, this theory suggests that companies can communicate relevant and credible information about their financial condition and business outlook through signals, such as public disclosures, strategic decisions, or audited financial reports. These signals serve as cues to the market, aiding investors in interpreting the firm's actual performance and potential.

The primary objectives of signaling are as follows:

- a. To minimize information asymmetry between company insiders (management) and outsiders (investors and creditors), by disclosing relevant financial and non-financial information that enables more accurate evaluations of firm performance and risk.
- b. To increase transparency and build investor trust, which can foster greater willingness to invest or lend to the company.
- c. To reduce the cost of capital, as stronger signals lower the perceived risk, prompting investors and creditors to accept lower required rates of return.
- d. To enable better-informed investment decisions, by equipping investors with insights into the company's performance, risk profile, and strategic direction.



Investors typically analyze and interpret these signals before making investment decisions. According to Jogiyanto (2010), signals can be classified as either positive or negative, each with distinct implications for investor behavior.

- a. Positive signals include improvements in financial performance (e.g., increased profitability or asset growth), announcements of dividend payments, optimistic forecasts regarding future business prospects, or share buyback programs aimed at enhancing earnings per share.
- b. Negative signals, on the other hand, may involve financial losses or declining profitability, or negative equity positions indicating that total liabilities exceed total assets-raising concerns about the company's solvency and long-term viability.

## **B. Financial Statements**

Financial statements serve a fundamental role in providing relevant and reliable information regarding a company's financial position, performance, and changes in financial condition. This information is intended for a broad range of users-investors, creditors, regulators, and others-to support rational and informed economic decision-making (Petrit, 2019). One of the most critical disclosures made by a company is its audited financial statements, which offer a level of credibility due to the independent verification by external auditors. These announcements can influence investor perceptions and market behavior, as they provide insight into the company's operational and financial integrity.

When analyzing financial statements, investors tend to focus on certain key financial ratios that reflect a company's profitability, liquidity, efficiency, and scale (Tamara, 2022), including:

1. Return on Assets (ROA):

This metric measures how efficiently a company uses its assets to generate net income. A higher ROA generally indicates more effective asset management and is attractive to investors seeking profitability.

2. Liquidity Ratios:

Liquidity measures a company's ability to meet short-term obligations. These include:

- Current Ratio: Assesses the ability to pay current liabilities using current assets.
- Quick Ratio: Evaluates liquidity without relying on inventory, focusing on the most liquid assets.
- Cash Ratio: Measures the capacity to cover short-term liabilities using only cash and cash equivalents.

3. Profitability Ratios:

These ratios gauge a company's ability to generate profits relative to its revenues, assets, or equity. Higher profitability is generally interpreted as a sign of sound financial health and sustainable operations

4. Firm Size:

Often proxied by total assets, firm size is perceived by the market as a signal of operational scale and resilience. Larger firms typically receive more favorable investor responses, particularly when growth is observed year-over-year. Conversely, a declining asset base may be seen as a negative signal, indicating contraction or inefficiency.

## **C. Stock Liquidity**

Liquidity in the stock market refers to the ease with which a security can be bought or sold without causing significant movement in its price (Adi, 2021). A liquid stock allows investors to enter or exit positions quickly and at minimal cost. According to Koetin (2000), stock liquidity can be interpreted as the speed and ease with which shares can be converted into cash through market mechanisms.

Conroy et al. (1990) propose two key indicators to measure stock liquidity: Trading Volume Activity (TVA) and the Bid-Ask Spread.

1. Trading Volume Activity (TVA)

Trading volume is the total number of shares exchanged during a specific period. It is typically expressed as a ratio between the number of shares traded and the number of shares outstanding on a given day (Jogiyanto, 2010). This ratio, known as Trading Volume Activity (TVA), is a useful proxy for investor interest and liquidity. Generally, higher trading volume reflects higher liquidity. However, it does not necessarily correlate with positive price movement, as it can increase during both price rises and declines.

Market trends in trading volume typically reflect investor sentiment:

- a. A bullish trend occurs when both price and volume rise, indicating strong investor confidence.

b. A bearish trend is marked by declining prices amid high volume, often signaling panic selling or market uncertainty. High trading volume may also result from macroeconomic uncertainty. For example, Yulis (2023) found that trading volume surged during the COVID-19 pandemic, as investors quickly reallocated capital in response to heightened risk and volatility. This behavior underscores the importance of liquidity as a protective factor during periods of financial turbulence.

2. Bid-Ask Spread

The Bid-Ask Spread represents the difference between the lowest price a seller is willing to accept (ask) and the highest price a buyer is willing to pay (bid). This spread fluctuates throughout the trading day based on market demand and supply (Rio, Husnatarina, & Oktavia, 2020). It serves as a key measure of transaction cost and liquidity.

A narrow bid-ask spread reflects a highly liquid market, where securities trade actively and prices adjust smoothly. In contrast, a wider spread suggests lower liquidity, potentially increasing the implicit transaction costs for investors.

From the investor’s perspective, the bid-ask spread is an important consideration in short-term trading strategies. A wider spread can erode returns due to higher costs associated with executing buy and sell orders. Therefore, prudent investors often assess the spread before executing trades, especially when profit margins are slim.

**D. Stock Returns**

Stock return refers to the gain or loss derived from investing in a stock, whether in the form of capital gains or capital losses (Anis, 2014). Evaluating stock returns helps investors assess whether an investment has met their expected performance and serves as a basis for comparing alternative investment opportunities.

Higher stock returns generally indicate increased trading activity and investor interest. When returns are attractive, demand for the stock rises, enhancing its liquidity. This dynamic also reduces the need for market makers to hold inventory for extended periods, thereby lowering the cost of carry and minimizing exposure to price fluctuations (Krisdayanti, 2021).

Stock returns are influenced by a combination of macroeconomic factors-such as inflation, interest rates, and overall market sentiment-as well as microeconomic variables, including company performance, operational efficiency, and internal governance practices. Kurniawan (2019) further notes that corporate events, such as earnings management announcements, can significantly affect investor expectations and, consequently, stock returns.

This raises a relevant question: do other types of financial disclosures-such as audited financial statement announcements-exert a similar influence? Given that these reports contain verified and comprehensive financial data, they may play a critical role in shaping investor perception and guiding investment decisions in the market.

**III. RESEARCH METHOD**

**A. Population and Sample**

The population in this study consists of companies included in the LQ45 index that publish audited financial statements and are listed on the Indonesia Stock Exchange (IDX). The LQ45 index was selected due to its composition of firms with high stock liquidity, large market capitalization, and relatively stable financial performance. Moreover, LQ45 companies tend to consistently disclose their financial statements in a timely and accurate manner, making data collection more reliable and accessible. The relatively homogeneous characteristics of LQ45 constituents-such as business scale, transparency, and corporate governance-also help minimize specification errors that may arise from inter-firm heterogeneity.

**Table I. Research Sample Selection Criteria**

No	Criteria	Number of Companies
1	Companies listed in the LQ45 Index during the period 2021-2023	45
2	Companies that remained consistently listed in the LQ45 Index from 2021 to 2023	33
3	Companies that published audited financial statements on the Indonesia Stock Exchange (IDX)	33
4	Companies with active stock trading during the event window (5 days before and 5 days after the audited report announcement)	33
	<b>Total Sample</b>	<b>33</b>

Source: Processed from [www.idx.co.id](http://www.idx.co.id)



**B. Measurement of Research Variables**

The table below presents the operational definitions and measurement approaches employed in this study:

**Table II. Measurement of Dependent Variables**

No	Variable	Formula	Scale	Reference
1	Stock Trading Volume	Shares traded on day t / Outstanding shares on day t	Ratio	Kurniawan D, 2019
2	Bid-Ask Spread	(Ask Price - Bid Price) / (Ask Price + Bid Price)	Ratio	Conroy et al., 1990
3	Stock Return	(Closing price on day t - Closing price on day t-1) / Closing price on day t-1	Ratio	Conroy et al., 1990

Source: Eviews Data Processing (2025)

**C. Data Analysis**

This study utilizes an event study methodology to examine market reactions surrounding the announcement of audited financial statements. Data were analyzed using descriptive statistics and paired sample t-tests to evaluate differences in trading volume, bid-ask spread, and stock returns across three-time windows: before, during, and after the announcement. The analyses were conducted using E-Views 12, and significance was assessed at a 5% level.

**IV. RESULTS**

This study seeks to examine the market reaction to the publication of audited financial statements by companies included in the LQ45 index on the Indonesia Stock Exchange during the period 2021 to 2023. The research focuses on three key variables: stock liquidity, measured through Trading Volume Activity (TVA) and Bid-Ask Spread (BAS), and Stock Return (SR). To capture short-term market responses, the analysis is conducted over a defined event window consisting of five trading days before, the exact day of, and five trading days after the audited financial statement announcements. This time-series design allows for the observation of market behavior in a concise but meaningful interval surrounding the disclosure event.

**A. Descriptive Statistics**

**Table III. Descriptive statistics of all variables**

	Minimum	Maximum	Mean	Std. Dev.	Observation
TVA - Before	0,00003	0,02938	0,00173	0,00237	33
TVA - On	0,00008	0,01279	0,00192	0,00208	33
TVA - After	0,00002	0,01722	0,00179	0,00214	33
BAS - Before	0,00035	1,00000	0,00826	0,07874	33
BAS - On	0,00035	0,00668	0,00191	0,04576	33
BAS - After	0,00033	0,01717	0,00211	0,00159	33
SR - Before	-0,77597	2,29154	0,00363	0,13311	33
SR - On	-0,08654	0,16475	0,00638	0,03655	33
SR - After	-0,10821	0,24390	0,00190	0,02660	33

Source: Eviews Data Processing (2025)

The following is an explanation of the table above:

1. Trading Volume Activity (TVA)

From Table III, it can be observed that prior to the audit announcement, the lowest TVA was 0.00003, recorded by Tower Bersama Infrastructure Tbk, while the highest value was 0.02938, recorded by PT Aneka Tambang Tbk, with an average value of 0.00173. On the day of the announcement, the minimum TVA was 0.00008 (Tower Bersama Infrastructure Tbk), and the maximum was 0.01279 (PT Adaro Energy Tbk), with an increased average of 0.00192. In the post-announcement period, the lowest TVA was 0.00002 (Tower Bersama Infrastructure Tbk), and the highest was 0.01722 (PT Indo Tambangraya Megah Tbk), with a slightly decreased average of 0.00179.



2. Bid-Ask Spread (BAS)

Before the announcement, the lowest BAS value was 0.00035, observed in PT Indo Tambangraya Megah Tbk, while the maximum value reached 1.00000 in PT Indocement Tunggul Prakarsa Tbk, Perusahaan Gas Negara Tbk, and PT Aneka Tambang Tbk. The average BAS during this period was 0.00826. During the announcement, the BAS ranged from 0.00035 (PT Indo Tambangraya Megah Tbk) to 0.0049 (Tower Bersama Infrastructure Tbk), with a lower average of 0.00191. Following the announcement, the minimum BAS was 0.00033 (PT Merdeka Copper Gold Tbk), and the highest was 0.01717 (PT Chandra Asri Pacific Tbk), with a slightly increased average of 0.00211.

3. Stock Return (SR)

Regarding stock returns, the lowest value before the announcement was -0.77597, recorded by PT Sarana Menara Nusantara Tbk, and the highest was 2.29154, recorded by PT Merdeka Copper Gold Tbk, with an average return of 0.00363. On the announcement date, the minimum SR was -0.08654 (Bank Tabungan Negara [Persero] Tbk), and the maximum was 0.16745 (PT Adaro Energy Tbk), with an average return of 0.00638. After the announcement, the lowest return was -0.10821 (PT Merdeka Copper Gold Tbk), and the highest was 0.24390 (PT Chandra Asri Pacific Tbk), with an average return of 0.00190.

**B. Model Selection**

Given the study’s objective to assess the short-term market reaction to audited financial statement announcements, a within-subjects (paired samples) comparison design is appropriate. The event window includes repeated observations on the same entities (firms) across three time periods (before, on, and after the event), making the paired sample t-test the most suitable statistical method.

This model was selected due to the following considerations:

1. Sample Structure: The dataset consists of matched observations across time for the same firms, requiring a test that accounts for within-group correlation.
2. Normality Assumption: Although the sample size is moderate ( $n = 32$ ), the central limit theorem allows for approximate normality in the sampling distribution of the mean, which supports the use of parametric tests.
3. Comparative Objective: The goal is to detect significant differences in means between time windows (before–on, on–after, before–after), making the paired t-test optimal for capturing such shifts.

**C. T-Test**

**Table IV. Paired Two Sample for Means**

Variable	t-Statistic	t-table	Description
TVA - Before	5,992	+ - 2040	Significant
TVA - On	-13,985	+ - 2040	Significant
TVA - After	-0,227	+ - 2040	Not Significant
BAS - Before	2,261	+ - 2040	Significant
BAS - On	-17,441	+ - 2040	Significant
BAS - After	1,755	+ - 2040	Not Significant
SR - Before	0,332	+ - 2040	Significant
SR - On	-0,525	+ - 2040	Significant
SR - After	0,239	+ - 2040	Not Significant

Source: Eviews Data Processing (2025)

The table above presents:

a. Trading Volume Activity (TVA)

The t-tests show that trading volume significantly increased during the short-term window surrounding the announcement of audited financial statements. Significant differences were observed between the pre-announcement and announcement periods ( $t = 5.992$ ), and between the announcement and post-announcement periods ( $t = -13.985$ ), indicating immediate market responses. However, no significant difference was found between the pre- and post-announcement periods ( $t = -$



0.227), suggesting that the effect was not sustained over a longer horizon. These results imply that market reactions to audited financial disclosures are short-lived, as investors quickly absorb new information. Once the reports are fully priced in, trading activity tends to stabilize, especially when the content aligns with market expectations or has been anticipated by institutional investors.

b. Bid-Ask Spread (BAS)

The bid-ask spread significantly changed between the periods before and during ( $t = 2.261$ ) as well as during and after ( $t = -17.441$ ) the audited financial statement announcements, indicating short-term market reactions to newly disclosed information. However, no significant difference was observed between the periods before and after the announcement ( $t = 1.755$ ), suggesting that the impact was not sustained in the longer term. These findings imply that the announcement influenced investor perception of risk and expectations only temporarily. The results support the notion of market efficiency, in which price adjustments occur rapidly after new information is released and stabilize once it is fully absorbed by market participants.

c. Stock Return (SR)

The t-statistics for all three comparison periods-before vs. during ( $t = 0.332$ ), during vs. after ( $t = -0.525$ ), and before vs. after ( $t = 0.239$ ) - fall within the acceptance range of the null hypothesis ( $\pm 2.040$ ). These results indicate that the announcement of audited financial statements does not have a statistically significant impact on stock returns across any time frame observed. The lack of effect may reflect prior market anticipation or the perception that the information disclosed does not materially influence investment decisions. Investors may instead prioritize forward-looking indicators such as earnings announcements, corporate actions, or strategic shifts, which are perceived to have a more direct impact on firm value.

## V. DISCUSSION

### A. *Effect on Trading Volume Activity*

The results of the paired sample t-test for stock trading volume are presented in Table 4.2. The t-statistic for the period before and during the announcement of audited financial statements is 5.992, which exceeds the critical value of  $\pm 2.040$ . This places the result in the rejection region of the null hypothesis, indicating a statistically significant difference in trading volume. This suggests that the market begins to react to the disclosure of financial information at the time of its announcement.

Similarly, the t-statistic for the period during and after the announcement is -13.985, which also lies far outside the critical value range. This confirms that there is a significant difference in trading volume between these two periods, reflecting that investor reactions tend to intensify after the announcement, once the information has been absorbed and processed.

However, for the comparison between the pre- and post-announcement periods, the t-statistic is -0.227, which falls within the critical range of  $\pm 2.040$ . This indicates no statistically significant difference, suggesting that the market's reaction is temporary and not sustained over the longer term.

In summary, the effect of audited financial statement announcements on trading volume is significant in the short term-particularly in the periods surrounding the announcement-but does not persist over a longer duration. This implies that market participants, particularly investors, respond rapidly to newly released information, especially when it contains material or unexpected elements. Once the content is fully absorbed, trading activity returns to normal, as the financial statements are viewed as public information that no longer offers new value to investors. Moreover, institutional investors may have already anticipated the information in advance, reducing the likelihood of sustained trading behavior changes.

These findings are consistent with Sri, Atim, and Susanto (2009), who found that major corporate announcements such as rights issues have a significant short-term effect on trading volume, particularly before and during the announcement, but not after. This is because such announcements often trigger immediate reactions from investors, who anticipate share dilution or new investment opportunities. However, once the information is fully analyzed and priced in, trading activity stabilizes, and the effect fades.



## B. *Effect on Bid-Ask Spread*

The results of the paired sample t-test for bid-ask spread are shown in Table 4.3. The t-statistic for the period before and during the announcement is 2.261, which exceeds the critical value of  $\pm 2.040$ . This indicates a significant difference in bid-ask spread, suggesting that the market reacts to the announcement with changes in the spread between bid and ask prices.

Likewise, the t-statistic for the period during and after the announcement is -17.441, which also falls well outside the acceptance region. This result confirms that the audited financial statement announcement significantly affects bid-ask spreads immediately after the disclosure. It implies that the information disclosed causes investors to revise their risk perceptions or expectations, which is reflected in short-term spread adjustments.

In contrast, the t-statistic for the period before and after the announcement is 1.755, which lies within the critical range. This means that there is no significant difference in bid-ask spread between these two periods. Although a short-term market reaction is evident, no substantial change is observed when comparing the longer-term condition.

In conclusion, the announcement of audited financial statements significantly influences bid-ask spread in the short term, particularly during the periods before–during and during–after the announcement. The market responds quickly to new information by adjusting ask and bid prices, reflecting shifts in investor sentiment and perceived risk. However, the absence of a significant difference between the pre- and post-announcement periods suggests that this reaction is temporary. Once the market assimilates the new information, conditions stabilize—demonstrating a degree of market efficiency.

These results are consistent with the findings of Indah (2006), who reported that events such as earnings management announcements affect bid-ask spreads in the short term. Such events send important signals to the market regarding management's financial strategies, prompting investors to scrutinize financial reports more closely and thereby increasing market activity and spread fluctuations.

## C. *Effect on Stock Returns*

The paired sample t-test results for stock return are also presented in Table 4.3. The t-statistic for the period before and during the announcement is 0.332, which falls within the critical value of  $\pm 2.040$ . This indicates no significant effect of the announcement on stock returns in this period.

Similarly, the t-statistic for the period during and after the announcement is -0.525, and for the period before and after the announcement is 0.239—both within the acceptance region of the null hypothesis. These findings confirm that the announcement of audited financial statements does not have a statistically significant impact on stock returns across any of the observed periods.

This result suggests that the information contained in audited financial reports may have already been anticipated by the market or perceived as insufficiently strong to alter investor behavior or valuations. Investors tend to be more responsive to forward-looking and strategic information, such as earnings surprises, dividend announcements, corporate actions, or business restructuring—elements considered more influential on future firm value.

The findings of this study contrast with those of Dimas and Nur (2022), who found that profitability information in audited financial statements had a significant impact on stock returns. According to their research, high profitability signals good financial performance and strong growth potential, leading to increased investor demand, higher stock prices, and improved returns.

## VI. CONCLUSION

Based on the analysis and discussion conducted in this study regarding the effect of audited financial statement announcements on stock returns and stock liquidity—measured by trading volume and bid-ask spread—among LQ45 companies listed on the Indonesia Stock Exchange, several conclusions can be drawn.

First, in terms of trading volume, the results show a significant impact of the announcement during the short-term period. Specifically, there is a statistically significant difference in trading volume between the periods before and during the announcement, as well as between during and after the announcement. However, no significant difference was found between the periods before and after the announcement. This indicates that the market reacts strongly and promptly to the release of audited financial reports, but such reactions are short-lived and do not persist beyond the immediate event window.



Second, regarding the bid-ask spread, the announcement of audited financial statements was also found to significantly influence spread levels during the periods surrounding the disclosure. Significant differences were observed between the before-during and during-after periods, reflecting a temporary shift in market participants' perception of risk. Nevertheless, no significant effect was detected between the before and after periods, which implies that while the announcement causes short-term changes in the spread between buying and selling prices, it does not influence liquidity over a longer duration.

Third, the findings reveal no significant effect on stock returns in any of the three event comparisons: before-during, during-after, and before-after the announcement. This suggests that investors may have already anticipated the content of the audited financial statements, or that the information disclosed was not perceived as impactful enough to alter their investment decisions. Moreover, it is possible that investors assign more importance to other types of financial signals-such as earnings forecasts, dividend announcements, or strategic decisions-than to the audit disclosure itself.

Overall, this study supports the relevance of signaling theory in the context of stock liquidity. Audited financial statements appear to function as a short-term signal that influences trading activity and investor behavior in the capital market. However, with regard to stock price movement or return, the signaling effect is relatively limited and statistically insignificant, particularly in cases where the disclosed information aligns with prior expectations.

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*Cite this Article: Afriani, R., Kurniawan Tjakrawala, FX (2025). The Impact of Audited Financial Statement Announcements on Stock Returns and Liquidity: Evidence from LQ45 Companies in Indonesia. International Journal of Current Science Research and Review, 8(6), pp. 3150-3159. DOI: <https://doi.org/10.47191/ijcsrr/V8-i6-51>*