

ABSTRACT

This study was conducted to analyze whether the implementation of PSAK 73, that effective on January 1, 2020, will have an impact on the company's financial statements and corporate financial ratios. The key change in PSAK 73 is that all leases owned by the company must be classified as finance leases, so that operating leases that were not originally listed in the balance sheet (off balance sheet) before, must be reported in the balance sheet. The elements of the financial statements examined in this study are total assets, total liabilities, and total equity. As for the financial ratios of the companies studied, the leverage ratios are D/A ratios and D/E ratios, and profitability ratios in the form of ROE and ROA.

The research sample is a company listed on the Indonesia Stock Exchange (IDX) in 2018, which reports operating lease payments in its financial statements. The method used to capitalize operating leases into finance leases uses the constructive lease capitalization method introduced by Imhoff, Lipe, and Wright (1991). The constructive lease capitalization method introduced by Imhoff et al. (1991) according to the rules in PSAK 73 paragraph C08. Wilcoxon Signed Rank is used to test the research hypothesis.

The results showed that the implementation of PSAK 73 caused a significant increase in the value of total assets, total liabilities, and total equity. The results also showed that PSAK 73 had a significant effect on increasing the company's leverage ratio. On the other hand, profitability ratios are not affected due to the application of leasing capitalization. The results can provide understanding for company managers and investors about the increase in company risk which is reflected in the increase in leverage. So, company managers and investors can plan and formulate strategies to reduce the impact of increased risk.

keywords: operating leases, finance leases, financial statements, IFRS 16, PSAK73