



ACCOUNTING TREATMENT ON LEASING TRANSACTION AND ITS IMPACT TOWARD COST ACCOUNTING AND FINANCIAL REPORTING OF CEMENT COMPANY

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ABSTRACT

There are many business sectors around the world. Of course, each of these sectors has the same goal, namely to generate profits and meet the needs of every consumer. The cement industry is one industry that is quite strong and growing compared to other industries. The company certainly has a long-term plan to be able to achieve the vision and mission that has been determined. Therefore, the company strives to have the assets needed for operational reasons. These assets are obtained from investing or financing activities. One way to get assets is to make lease transactions. Each lease transaction must be recognized and recorded by the company. PSAK 73 has become the company's guideline in recording and recognizing lease accounting since January 1, 2020. This encourages the company to make appropriate accounting treatments to implement these standards. The aim of this research is to examine the accounting treatment of leasing transactions as a result of the adoption of PSAK 73 in a cement company. The researcher also proposes examining the influence of this adoption on financial reporting and cost accounting. To conduct this study, the researcher employed a literature review strategy, relying on papers and journals as a foundation.

Keywords: cement company, lease, PSAK 73, financial reporting, cost accounting

INTRODUCTION

Currently, a business entity in every industry has many assets, such as cash, account receivable, plant, investments, and many more. Sometimes, the company makes a lease to gain access to physical assets, to acquire financing, and to reduce an entity's risk exposure to asset obsolescence and residual value uncertainty (Chatfield, Chatfield, & Poon, 2017). The lease is regulated by IFRS 16 as worldwide lease accounting standard. It was established by the International Accounting Standard Board (IASB) in 2016 and was effected on January 1, 2019 (Alexandru, 2018). In Indonesia, it is adopted as PSAK 73 and effectively applied on January 1, 2020 (Kloko & Bayunitri, 2020).

New lease accounting standard gives enormous impact on organizational itself. It considers the impact to financial statement, tax implications, possible changes to systems, process, and controls, and the need for new leasing systems, also reconsider the lease term and business model. One of the cases is Semen Tonasa, which is the largest cement manufacturer in Eastern Indonesia, dominating an area of 1.571 hectares in Biring Ere Village, Bungoro Subdistrict, Pangkep Regency, around 68 km from Makassar. The company, having an installed capacity of 5.980.000 tons of cement per annum, has four plant units, i.e. Tonasa II, III, IV, and V Plants. These four plants use dry process with the capacities of respectively 590,000 tons of cement per annum for Units II and III, 2,300,000 tons cement per annum for Unit IV, and 2,500,000 tons of cement per annum for Unit V which is projected to support the needs of national cement. Supported by abundant raw materials, this plant is expected to continue operating to contribute to the country and national economy for the next several decades (Semen Tonasa, 2020).

The main goals of the company are to increase company value to the shareholders and stakeholders which the strategies which focus on the main business activities, i.e. mining, manufacturing, and marketing the products to ensure the continuity of the company in the long run (Semen Tonasa, 2020).

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The company is also committed to protecting its financial strength with sound liquidity management to sustainably meet the investment financing and other company liabilities, in addition to cash flow growth. The company also continuously makes work innovations in its operations. The work innovations are mainly driven by the core production activities which can ensure the sustainability of company performance. The company's sustainability is an integrated approach towards the company's performance, in the interrelated fields of environment, social, and economy (Semen Tonasa, 2020).

The company uses production volume, sales, net income after tax, EBITDA and financial ratios as the key performance indicators. The company is considered well-performed if it succeeds in exceeding its production and sales targets as well as net income and EBITDA. If the company makes a new investment, the minimum IRR is the expected return target (Semen Tonasa, 2020).

The largest source of revenue for the company is domestic cement sales, particularly in Eastern Indonesia. High national cement consumption has given the advantage with the creation of competitive price for domestic cement manufacturers. Therefore, domestic cement market remains the primary and potential market to gain optimum profit. Considering increasing future challenges, the company is not complacent with achievement. With full awareness, the management continuously carries out the best alternative strategies to increase the performance with optimal operational efficiency and strong financial strategies (Semen Tonasa, 2020).

The company strives to boost customer loyalty in the market through several actions, such as building good collaboration with the distributors as business mediators and participating in the developments of various infrastructure projects. These are all done to develop the company's market share (Semen Tonasa, 2020).

Semen Tonasa is implementing PSAK 73 about leasing with some treatment. The treatment itself may increase or decrease the debt cost and debt problem. So, the researcher has to compare what is the difference between the former and the new accounting standard. The researcher has also analysis the impact on their financial reporting and cost accounting regarding the implementation of PSAK 73. The researcher hopes the research will advise management decision regarding leasing transaction.

THEORITICAL FRAMEWORK

Definition of Lease

Lease is defined as a contractual agreement between the lessor and the lessee, whereby the lessor grants the lessee the right to use certain properties it owns for an agreed period of time (Kieso, Weygandt, & Warfield, 2018). The book entitled *Banks and Other Financial Institutions or Bank dan Lembaga Keuangan Lain* (Budisantoso & Triandaru, 2011) also explains the definition of leasing according to The Equipment Leasing Association (ELA-UK), which is:

"A contract between the lessor and the lessee for the lease of a certain type of goods or services directly from the factory or selling agent by the lessee. The ownership rights of the goods remain with the lessor. The lessee has the right to use the goods by paying the rent at a predetermined amount and period."

Definition of PSAK 73

Safitri, Lestari, and Nurhayati (2018) wrote that PSAK 73 on Leases is an adoption of IFRS 16 Leases which contains a single standard of leases because it will replace all standards related to the recognition, measurement, presentation and disclosure of existing leases, namely PSAK 30 regarding Leases, ISAK 8 concerning Determining whether a Agreement Containing a Lease, ISAK 23 regarding Operating-Incentive Leases, ISAK 24 concerning Evaluation of the Substance of Several Transactions Involving a Legal Form of Lease and ISAK 25 concerning Land Rights. Even though it is a production result of IFRS 16, there are several exclusion statements that are not adopted by IAI in PSAK 73, one of which is regarding the effective date of the IASB as the compiler of IFRS, setting the effective date of IFRS 16 as of 1 January 2019 will be PSAK 73 on or after 1 January 2020 with early application is permitted.

The preparation of PSAK 73 was not without reason. In addition to being a consequence of the commitment to adopting IFRS, the lease accounting standard is present to improve the lease accounting model previously described in PSAK 30. The accounting model that classifies 2 types of

leases, namely finance leases and operating leases, has drawn criticism from various users of financial statements because it is considered cannot always provide an accurate representation of rental transactions (Öztürk & Serçemeli, 2016). Therefore, PSAK 73 corrects this by introducing a single accounting model and eliminating the off-balance sheet method.

Although treated as a finance lease, the indicators for assessing whether a contract is, or contains, a lease are different from when assessing whether a lease includes a finance lease as described in the previous standard. These indicators are implicitly explained in PSAK 73 in the attachment B section of the Implementation Guidelines, which are as follows:

1. A contract has an identifying asset or underlying asset that is explicitly stated in the lease or implicit lease agreement when the asset is available for use by customers. If not, then the contract clearly does not contain a lease, because the identifying asset is one of the main elements in the same activity.
2. The contract gives the customer the right to control the use of the identifying asset over the lease term. This is reflected if the customer is entitled to obtain all substantial economic benefits from the use of identification assets and the right to direct its use.
3. The customer is entitled to operate that identification asset during the period of use. The operation in question can be in the form of direct execution by the customer concerned or through instructions to other parties, so that the supplier is not allowed to interfere with the operating instructions.
4. The manner and purpose for which the identification assets will be used during the period of use has been determined by the customer before the contract is concluded. However, even so, customers are allowed to revise the methods and purposes that have been determined during the period of use.

Definition of Financial Reporting

Financial reporting is the financial information that a company provides to help users with capital allocation decisions about the company. Some financial information is better provided, or can be provided only, by means of financial reporting other than formal financial statements. Examples include the president's letter or supplementary schedules in the corporate annual report, prospectuses, reports filed with government agencies, news releases, management's forecasts, and social or environmental impact statements. Companies may need to provide such information because of authoritative pronouncements, regulatory rule, or custom. Or, they may supply it because management wishes to disclose it voluntarily (Kieso, Weygant, & Warfield, 2014).

Definition of Cost Accounting

Cost accounting provides information for both management accounting and financial accounting professionals. Cost accounting is the process of measuring, analyzing, and reporting financial and nonfinancial information related to the costs of acquiring or using resources in an organization. For example, calculating the cost of a product is a cost accounting function that meets both the financial accountant's inventory-valuation needs and the management accountant's decision-making needs (such as deciding how to price products and choosing which products to promote) (Horngern, Datar, & Rajan, 2015). A cost is a resource that is lost or foregone in order to achieve a given goal. A cost is commonly defined as the monetary amount that must be paid to acquire products or services (for example, the cost of labor or advertising). A budgeted cost is an expected, or forecasted, cost (a future cost), whereas an actual cost is the cost that was incurred (a historical or past cost).

Involved Parties in the Lease

Each lease transaction involves at least two interested parties, namely the lessee and lessor.

1. Lessee

Lessee is a company or entity that gets the right to use the basic concept for a certain period of time upon the acquisition of the right, the lessee is required to pay a certain amount of compensation to the other party concerned. periodically. These payments include fixed rental payments that have been deducted from the rental incentives paid to the lessee to the lessee, variable lease payments caused by changes in facts or circumstances after the beginning of

the lease term, guaranteed residual value that arises if the amount guaranteed exceeds the expected yield, and payments an optional lease that arises when the buyer's option or the object of termination is certain to be exercised.

2. Lessor

Lessor is a company or entity that gives another party the right to use the underlying asset for a certain period of time. From the lease transaction, the lessee will get a reward from the lessee as a return on the cost of providing the assets based on the expected profit.

Lease Classification

Before the latest lease accounting standard, PSAK 73, was issued, the classification of leases was divided into two based on the risk incurred and the benefits received by both the lessee and the lessee related to ownership of the underlying asset, namely finance lease and operating lease.

1. Capital Lease

A capital lease is a type of lease that transfers the risks and rewards incidental to ownership of the underlying asset substantially, from the lessee as the owner of the asset to the lessee of the asset obtained through a finance lease transaction which has almost the same characteristics as direct acquired assets (Deloitte, 2011). This is because capital leases not only allow tenants to use the underlying principles concerned but also cover depreciation, maintenance, and maintenance costs. At the end of the lease term, ownership of the underlying asset can be transferred to the lessee with a call option.

2. Operating Lease

An operating lease is a lease other than a capital lease. Leases of this type do not transfer the risks and rewards of ownership of the underlying asset to the lessee. Therefore, the costs related to the depreciation, maintenance and maintenance of the underlying asset are still borne by the lessee. Although generally have short lease terms, operating leases have the option of cancellation before the lease term ends.

Lease Accounting Treatment for PSAK 73

After PSAK 73 is implemented as of January 1, 2020, there is an adjustment in the treatment of lease accounting that is different from PSAK 30, namely:

Type	Financial Reporting	IAS 17 (PSAK 30)	IFRS 16 (PSAK 73)
Operation Lease	Statement of Financial Position	There are no recognized liabilities No assets recognized	Lease liabilities are recognized at the present value of future lease payments. Appropriate use rights assets are recognized.
	Income Statement	The lease amount is charged (usually on a straight-line basis) over the lease term.	Interest expense relating to lease liabilities is allocated using the effective interest method. Depreciation is charged over the shorter lease period and the economic life.
Capital Lease	Statement of Financial Position	Lease liabilities are recognized at the present value of future lease payments. Actual assets are recognized at inception of the lease.	Lease liabilities are recognized at the present value of future lease payments. Appropriate use rights assets are recognized.
	Income Statement	Interest expense relating to lease obligations is allocated	Interest expense relating to lease liabilities is allocated

		using the effective interest method. Assets are depreciated over the shorter lease term and economic life.	using the effective interest method. Usage rights for assets are depreciated over the lease period and the shorter economic life.
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Table 1. Lease Accounting Treatment (Internal Source)

RESEARCH METHODOLOGY

All of those research questions will be answered by the researcher after doing a thorough literature review on the influence of cost accounting and financial reporting in implementing lease accounting treatment at the cement company. In addition, based on a literature review, a theoretical framework is proposed. For this research, the researcher chooses existing data for data collection, then for example of an instrument that we collect specific data points, and the sources come from the databases of the company. In case the researcher needs more information, the researcher will collect the data from the expert who is the BOD of the company that will provide many data that be useful for this research.

Prajanto (2020) revealed that changes in PSAK 73 require entities to recognize changes in the structure of financial statements that give rise to right-of-use assets in assets and finance lease liabilities in liabilities and have an impact on changes in the company's overall financial ratios.

The greater the lessee uses operating lease accounting in its financial reporting, the greater the impact of a decrease in financial performance if the company changes the lease accounting policy from the old standard (IAS 17 or PSAK 30) to the new standard (IFRS 16 or PSAK 73) (Susanti, et al., 2021).

The researcher will describe a literature review in this study. To ensure that our research stays on track, the search keywords will only include publications about lease accounting treatment, impact of cost accounting in lease accounting, and impact of financial reporting in lease accounting.

Articles published in online journals such as ScienceDirect, Emerald Insight, Google Scholar, Scopus, and Saxion Library are widely used as a source of materials for this research.

This research work has looked at relevant documents in the field of publishing using this content analysis. To carry out this study, the researcher looks at a field of publication, such as:

- Articles from journals (that have been subject to the peer review process) are the main sources in this research project.
- Books (monographs, textbooks, reference books).
- Other types of information: i.e. accounting standards and company data

The following journals provided must of articles that are included in this research project:

- Journal of Cost Accounting
- Journal of Leasing Transaction
- Journal of IFRS
- Journal of PSAK
- Indonesian Journal of Cost Accounting

These keywords have been managed in various combinations in order to fetch the relevant articles needed:

- Lease
- Accounting treatment
- Cost accounting
- Financial reporting
- PSAK 73
- IFRS 16

Data Collection Method

Because of the qualitative method used in this study, it is an analytical study. In this research study, the use of non-numerical research methods to find an appropriate solution to the research

question is also intended to choose a qualitative method over a quantitative one. The qualitative method is a kind of scientific research that entails conducting an investigation to find an answer to a question, gathering evidence, and producing conclusions that are useful outside the study's boundaries (Mack, Woodson, MacQueen, Guest, & Namey, 2005).

There are two types of data collection method, which are primary data collection and secondary data collection.

- **Primary Data Collection**

The relevant data is obtained in this part via internal company data. The primary goal of this study is to determine how a cement company handles leasing accounting. The primary data was gathered through processing all leasing transaction data, which is very important to the company.

- **Secondary Data Collection**

This type of information is freely available in the public domain. This information was obtained from papers, journals, books, and websites about PSAK 73 adoption in Indonesian enterprises.

RESULTS AND DISCUSSIONS

The research's analysis and findings, which are based on corporate internal data, include the record of leasing transactions in December 2020 and the firm's accounting treatment of leasing transactions. The information was used to find the answers to the research questions.

Lease Accounting Treatment of Semen Tonasa

As January 1, 2020, Semen Tonasa started the implementation of PSAK 73 as a financial accounting standard for lease transactions replacing the old financial accounting standard, PSAK 30. This application is motivated by a significant change for entities that currently disclose large amounts of off balance sheet liabilities (having large operating lease categories) as well as increasing visibility for users about the impact of lease obligations on the entity. Along with the implementation of this new standard, the company makes an assessment first related to leased contract population that can be used as lease expenses. The company already has a guide for the implementation of the lease contract assessment, with details as follows:

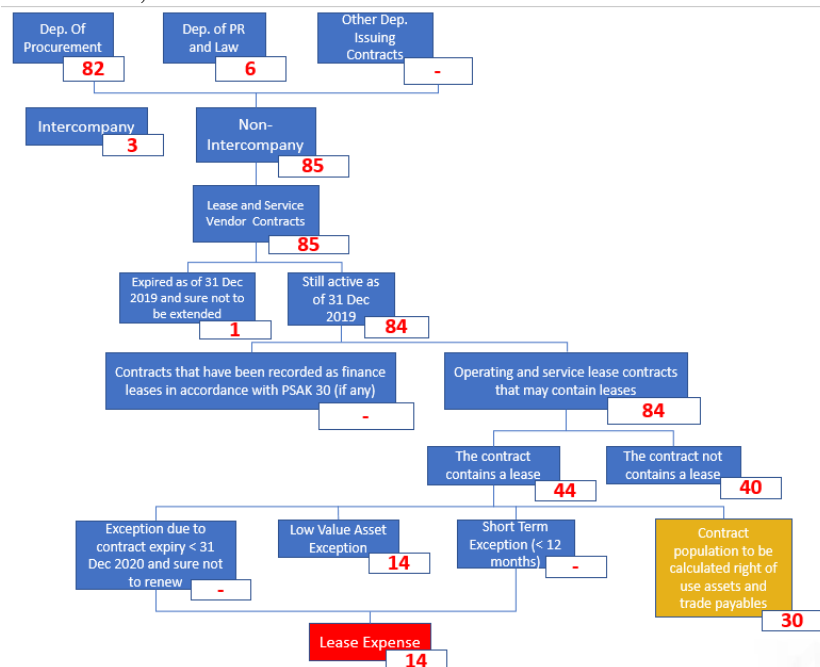


Figure 2. Assessment of PSAK 73 PT. Semen Tonasa 2020 (Internal Source)

No	Lessor	Popula tion	Contain Lease	Low Value Asst	Expired	Calculat e RoU
1	CV Agung	1	1	1	0	0
2	CV An Nur Abadi	2	0	0	0	0
3	CV Bumi Pangkep	1	0	0	0	0
4	CV Fajar Trans	3	0	0	0	0
5	CV Gajaco Utama	1	0	0	0	0
6	CV Roxy Advertising	2	2	1	0	1
7	Horison Advertama Perkasa	1	1	1	0	0
8	Kopkar Semen Tonasa	11	6	2	1	3
9	PT Adrevi Mandiri Abadi	2	0	0	0	0
10	PT Berdikari Pondasi Perkasa	1	1	1	0	0
11	PT Biringkassi Raya	8	1	0	0	1
12	PT Bulu Bulu Raya Perkasa	2	0	0	0	0
13	PT Calmic Indonesia	2	2	2	0	0
14	PT Danau Timur Perkasa	1	0	0	0	0
15	PT Indocare Pacific	2	2	2	0	0
16	PT Pelayaran Tonasa Lines	1	0	0	0	0
17	PT Pelindo III (Persero) Reg. Banyuwangi Bali Nusra	2	0	0	0	0
18	PT Pelindo IV (Persero) Cab. Ambon	1	1	0	0	1
19	PT Pelindo IV (Persero) Cab. Bitung	1	1	0	0	1
20	PT Pelindo IV (Persero) Cab. Makassar	2	2	0	1	1
21	PT Prasetya Japar	2	0	0	0	0
22	PT Prima Karya Manunggal	2	0	0	0	0
23	PT Surya Pratama Makmur	2	2	2	0	0
24	PT Semen Indonesia	3	3	0	0	0
25	PT Tonasa Tour & Travel	5	5	0	1	4
26	PT Topabiring Trans Logistik	12	2	2	0	0
27	Yayasan Kesejahteraan Semen Tonasa	15	15	0	3	12
	JUMLAH	88	47	14	6	24

Table 2. Lease Contract Identification Summary of PT. Semen Tonasa Per 31 December 2020 (Internal Source)

After assess the population of leased contract, the company then calculates the account values related to PSAK 73. Semen Tonasa has completed the process of calculating accounts related to contracts containing leases, which must be calculated for the right of use assets from the assessment that has been carried out. Currently, the company is carrying out minor revisions required in the process of synchronizing the output of the system with the contractual calculations. The result of account as follows:

- Fixed Assets in the form of Lease Financing - Buildings
- Fixed Assets in the form of Financing Lease - Heavy Equipment
- Fixed Assets in the form of Financing Lease - Vehicles
- Accumulated Depreciation Right of Use Assets - Building
- Accumulated Depreciation Right of Use Assets - Heavy Equipment
- Accumulated Depreciation Right of Use Assets - Vehicles
- Long Term Lease Payable - Building
- Long Term Lease Payable - Vehicles
- Long Term Lease Payable - Heavy Equipment
- Vehicle Lease
- Loading and Unloading Management Expenses (LUM)
- Packer Lease
- Depreciation of Rights to Use Assets - Building
- Depreciation of Rights to Use Assets - Vehicle
- Depreciation of Rights to Use Assets - Heavy Equipment
- Interest Expense of Financing Lease

Later, Semen Tonasa establish policies related to PSAK 73. Semen Tonasa, accompanied by RSM (accounting consultant in Indonesia), has established policies related to PSAK 73, namely the initial determination policy, the low value asset exclusion policy, the short term exclusion policy, and the IBR (Incremental Borrowing Rate) policy. First one, the initial determination policy that the company decide is modified retrospective which includes calculations from the transition date, liabilities equal to discounted future cash flows, discount rate at transition, and assets equal to liabilities at transition date adjusted for advance payments. Long-term rental contracts that will mature in less than 12 months from January 1, 2020 are calculated as lease assets and payables or continue to be recognized as rental expenses. Leases previously classified as Finance Leases under PSAK 30, if you choose to apply a modified retrospective, the carrying amount of the right-of-use asset and lease liability at the date of initial application is the carrying amount of the leased asset and lease liability immediately prior to that date as measured in accordance with PSAK 30 from the date of initial application. initial implementation date. The low value asset exclusion policy that Semen

Tonasa do as the cement maker is exceptions to lease contracts which include low value assets are determined from the value of the leased asset, not the value of the lease payments. The value of the leased asset is when it was new, even though it was rented not in new condition. The entity as a cement maker, in determining low value assets refers to the Capex Management Procedure policy as of 1 Jan 2020 as follows:

- a. Land/area is not restricted (not excluded)
- b. Buildings amounting to Rp250 million
- c. Machinery, heavy equipment, factory equipment Rp. 500 million
- d. Instrumentation support equipment, electrical/control Rp. 150 million
- e. Motorized vehicles of Rp. 20 million
- f. Equipment and work equipment for office and/or factory purposes in the amount of Rp. 20 million, and
- g. Information Technology Rp250 million, except for laptops which will be assessed using a portfolio approach

As for the short-term lease exclusion policy, Semen Tonasa stipulates that contracts containing leases with maturities of less than 1 year (12 months) are excluded from leases which are recognized in the position of the financial statements. For the IBR policy, Semen Tonasa uses the reference rate of the 7-year syndicated loan owned by SIG, which is 7.5%. This rate is adjusted to the IBPA Yield Curve for corporate bonds in Indonesia with an AA credit rating to reflect the economy in Indonesia and get a discount rate for leases with various rental periods.

Maturity (year)	Rate Loan SIG (adjusted to IBPA)
0,1	5,0949
1	5,9438
2	6,4250
3	6,7219
4	6,9540
5	7,1580
6	7,3405
7	7,5000
8	7,6347
9	7,7448
10	7,8324

Table 3. IBR Table (Internal Source)

Subsequently, the company reviewed the balances of accounts related to PSAK 73. RSM has conducted an initial review of the assessment and calculations of companies that have submitted the results of the assessment and calculation of the population rental contract. And finally finalizing with the management of Semen Tonasa.

Impact on Financial Reporting

As a lessee, Semen Tonasa has an impact on three types of financial statements based on the Appendix, including:

- 1. Profit and Loss Statement, which the impact are:
 - Earnings Before Interest, Tax, Depreciation, and Amortization (EBITDA) decrease
 - Operating profit and finance costs increase, and
 - Profit before tax does not change
- 2. Financial Position Statement, which the impact are:
 - Right-of-use asset increase
 - Liabilities increase
 - Equity does not change
- 3. Cash Flow Statement, which the impact are:
 - Cash from operating activities decrease
 - Cash from financing activities increase
 - Total cash flow does not change

Financial Reporting Impact on PSAK 73 Implementation

Expressed in millions of Rupiah

Types of Financial Statements	Account	Unaudited (Before PSAK 73)	Audited (After PSAK 73)	Difference	Effect of PSAK 73
Profit and Loss	EBITDA	1,180,792	1,179,507	1,285	↓
	Operating profit and finance costs	1,409,768	1,692,181	282,313	↑
	Profit before tax	1,162,656	1,162,656	0	↔
Financial Position	Right-of-use assets	98,023	99,748	1,725	↑
	Liabilities	86,807	96,629	9,822	↑
	Equity	5,281,216	5,281,216	0	↔
Cash Flow	Operating activities	884,788	857,609	27,179	↓
	Financing activities	(708,924)	(704,230)	4,694	↑
	Total cash flow	127,307	127,307	0	↔

Source: 2020 Semen Tonasa Annual Report

Impact on Cost Accounting

In addition to the impact on the financial reporting, PSAK 73 also has an impact on cost accounting. Semen Tonasa already made the calculation of all cost that related before and after the implementation of PSAK 73. Based on the company internal data in the Appendix, the company only calculate the fixed cost, which are lease depreciation expense, lease expense, and lease interest expense. In this calculation, there are changes in the value of depreciation expense and lease expense before and after PSAK 73. As an example, total audited depreciation expense in 2020 is IDR 14,186,839,579. This amount is an amount after PSAK 73. Meanwhile, the total unaudited depreciation expense in 2020 was Rp 12,901,664,308. Thus, there was an increase in the total amount of depreciation expense due to the implementation of PSAK 73 amounting to Rp 1,285,175,271 or about 9.1% of the total unaudited. Furthermore, for the total unaudited rental expenses in 2020 amounted to Rp 8,467,241,815, while the total audited lease expenses in 2020 amounted to Rp 8,263,231,821. As a result, there was a decrease in value caused by the application of PSAK 73 amounting to Rp 204,009,994 or around 2.5% of the total unaudited. Otherwise, from the perspective of lease interest expense, there is no change in the value, either unaudited or audited. As a comparison, the total unaudited rental interest expense in 2020 is Rp. 3,949,271,310 and the total audited is the same, which is Rp. 3,949,271,310.

Cost Accounting Impact on PSAK 73 Implementation

Expressed in million of Rupiah

Expense	Unaudited (Before PSAK 73)	Audited (After PSAK 73)	Differences	Effect of PSAK 73
Lease	8,467	8,263	204	↓
Lease Depreciation	12,902	14,187	1,285	↑
Lease Interest	3,949	3,949	0	↔

Source: 2020 Semen Tonasa Annual Report

CONCLUSIONS AND LIMITATION

A corporate entity in every field now has a variety of assets, including cash, accounts receivable, plant, investments, and many more. A lease is sometimes used by a firm to gain access to physical assets, obtain finance, and decrease the risk of asset obsolescence and residual value uncertainty (Chatfield, Chatfield, & Poon, 2017). Each lease transaction must be guided by one accounting standard, known in Indonesia as PSAK 73. PSAK 73 on Leases is an adoption of IFRS 16 Leases, which has a single lease standard, and will replace all standards relevant to the recognition, measurement, presentation, and disclosure of current leases, including PSAK 30 on Leases (Safitri, Lestari, & Nurhayati 2018). New lease accounting standard, for instance PSAK 73, gives enormous impact on organizational itself. It considers the impact to financial statement, tax implications,

possible changes to systems, process, and controls, and the need for new leasing systems, also reconsider the lease term and business model.

PSAK 73's development was not without purpose. The lease accounting standard is present to improve the lease accounting model originally stated in PSAK 30. It is a result of the commitment to embrace IFRS. Various consumers of financial statements have criticized the accounting model that classifies two types of leases, financing leases and operating leases, because it is thought to not always provide an accurate depiction of rental transactions (Öztürk & Serçemeli, 2016). PSAK 73 corrects this by implementing a single accounting model and removing the off-balance sheet approach.

Semen Tonasa, one of the cement companies in Indonesia, began implementing PSAK 73 as a financial accounting standard for new leasing transactions on January 1, 2020. The aims behind this application is to make a big shift for entities who now disclose huge amounts of off balance sheet liabilities (having big operating lease categories), as well as to increase awareness for users regarding the impact of lease obligations on the entity. Along with the implementation, the company performs treatment and adjustments to these standards. The company has implemented 5 policies related to the implementation of PSAK 73. First, the company assesses the leased contract population that can be used to offset lease costs. For the implementation of the leasing contract assessment, the company already has a guide. Next, the corporation figures out the account values for PSAK 73. Semen Tonasa has finished the process of computing accounts for contracts comprising leases, which must be prepared for the right of use assets based on the assessment. Later on, Semen Tonasa established PSAK 73 policies. Semen Tonasa, in collaboration with RSM (an Indonesian accounting firm), has produced PSAK 73 policies, including an initial determination policy, a low-value asset exclusion policy, a short-term exclusion policy, and an IBR (Incremental Borrowing Rate) policy. Following that, the enterprise went over the account balances for PSAK 73. RSM has performed a first examination of the assessments and calculations of enterprises that have submitted the findings of the population rental contract assessment and calculation. Finally, finalizing with Semen Tonasa's management.

The application of PSAK 73 has impacts in terms of financial reporting and cost accounting. From the perspective of financial reporting, it is divided into 3 types, namely profit and loss statements, statements of financial position, and statements of cash flows. In the income statement, the operating profit and finance costs increase, EBITDA decreases, and profit before tax does not change. From the point of view of the statement of financial position, the right-of-use assets have increased, equity has not changed, and the liabilities have increased. In terms of cash flow statements are that cash from financing activities increased, cash from operating activities decreased and total cash flows did not change. In terms of cost accounting, the company only calculates fixed costs in a lease, not as well as variable costs. Based on this analysis, the rental fee decreased by about 2.5% of the total that has not been audited using PSAK 73, the depreciation expense increased by around 9.1% of the total that has not been audited by PSAK 73, and the rental interest expense did not experience a significant impact. Meanwhile, the advantages and disadvantages regarding PSAK 73 implementation has been identified.

The advantages are the assets value is getting higher, significant increase in the operational profit, and the lease expense and lease interest are decrease and remain the same respectively. However, the disadvantages are the company's liabilities increase considerably, the profitability of EBITDA is lower, and the depreciation is significantly increase. Indeed, the company has been applying this standard for more than a year since the new standard was introduced and the results are quite satisfactory.

The researcher would also like to point out some of the research limitations. The implementation of PSAK 73 in Indonesia has only been running for one year since it was enacted. Therefore, the lack of information and research on PSAK 73 implementation, either in Indonesian or worldwide article journal, in the Indonesian cement company were some limitations for the researcher, especially talking about the impact on financial reporting and cost accounting. There is no variable cost in the calculation of lease value by the company as the impact of cost accounting in implementing the PSAK 73, especially in the Indonesian cement industry. As a result, in order to discover credible information concerning PSAK 73 implementation in the Indonesian cement sector,

the other next researcher are suggested to expand on previous research and collect additional data. Moreover, more research is needed to address the obstacles and challenges.

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