ABSTRACT

COMPARATIVE ANALYSIS OF FINANCIAL PERFORMANCE COMPANY OF OIL AND GAS LISTED BURSA EFEK INDONESIA BASED ON PSAK 29 AND PSAK 64 (IFRS ADOPTION)

By

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The study was conducted to see whether there is difference in the companies’s financial performances before and after implementing IFRS, which were measured against PSAK (IFAS) 29 and PSAK (IFAS) 64, proxied by liquidity, profitability, and activity ratios. The main difference between both PSAKs is in terms of asset approval and cost approval of exploration and evaluation.

The sample was selected through purposive judgment sampling, using the following criteria: 1) IDX-registered, oil and gas companies that publishes their comprehensive annual financial reports; 2) the comprehensive annual financial reports must abide by PSAK 29 and PSAK 64; and 3) oil and gas companies that perform mineral exploration in Indonesia and that belong to upstream mining industry. Seven oil and gas companies were singled out according to these criteria.

Analyses indicate that there is no significant difference in financial performance based on PSAK 29 and PSAK 64 (adopted from IFRS). Statistics reveal that the companies’ current ratio is 0.441, ROA 0.846, ROE 0.822, working capital turnover ratio 0.526 and total asset turnover ratio 0.863. These five operational variables are statistically greater than the significance level 0.05, so that all hypotheses are safely rejected. In other words, there is no significant difference in financial performance before and after the adoption of IFRS.

Keywords: PSAK 29, PSAK 64 (IFRS adoption), Current Ratio, ROA, ROE, Working Capital Turnover, Total Asset Turnover