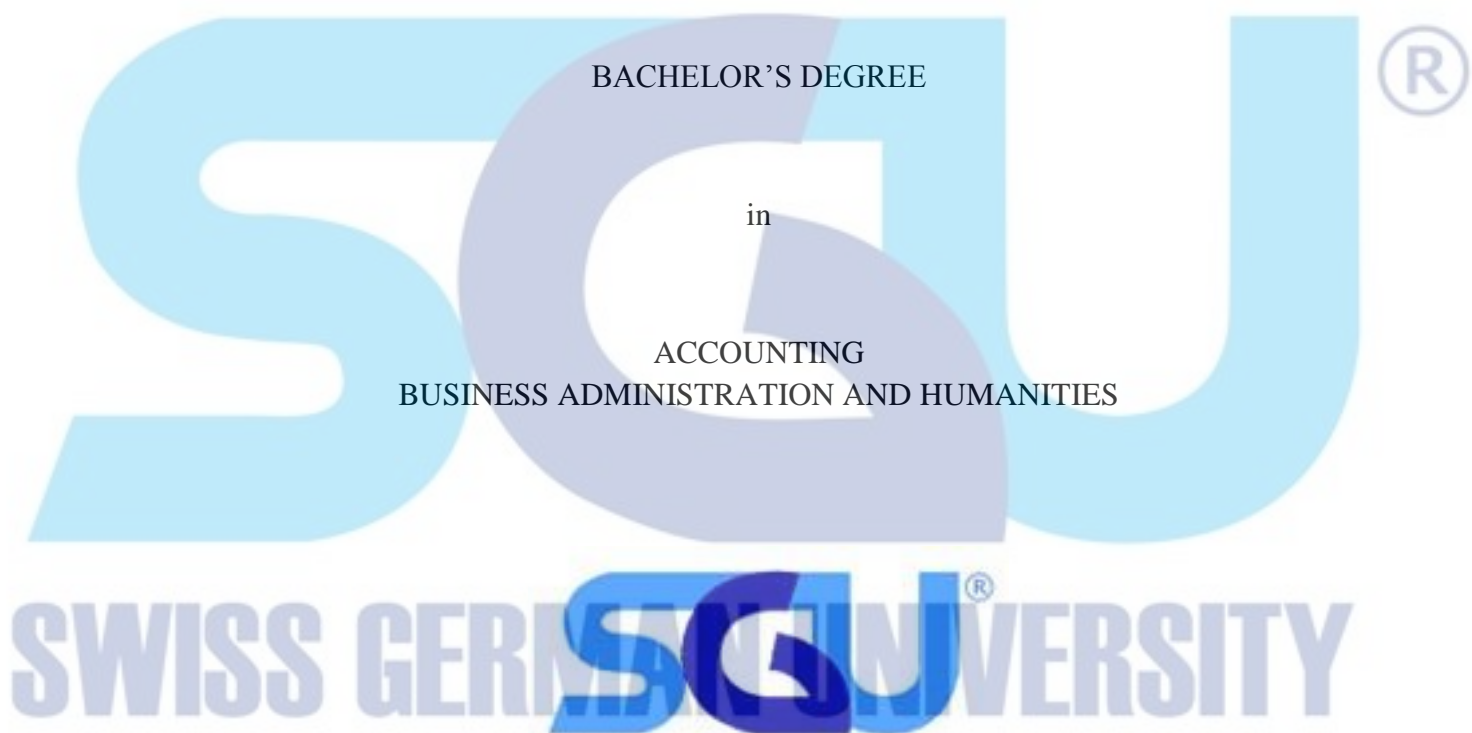


**ANALYSIS OF THE FINANCIAL IMPACT OF ASSET  
RETIREMENT OBLIGATION TOWARDS FINANCIAL  
INFORMATION AND INCOME TAX FOR THE YEAR 2010-2014  
: A CASE STUDY OF BUT TP**

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## STATEMENT BY THE AUTHOR

I hereby declare that this submission is my own work and to the best of my knowledge, it contains no material previously published or written by another person, nor material which to a substantial extent has been accepted for the award of any other degree or diploma at any educational institution, except where due acknowledgement is made in the thesis.

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## ABSTRACT

### ANALYSIS OF THE FINANCIAL IMPACT OF ASSET RETIREMENT OBLIGATION TOWARDS FINANCIAL INFORMATION AND INCOME TAX FOR THE YEAR 2010-2014 : A CASE STUDY OF BUT TP

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Asset Retirement Obligation (ARO) is regulated by SFAS No. 143 which specifies measurement and recognition of obligation associated with the retirement of tangible long-lived asset. The ARO provision requires the extractive industries, such as oil and gas companies, mining companies, and so on, to estimate the ARO obligation at the first time the company begin their operation at its fair value.

Especially in Indonesia, oil and gas companies are required to reserve funds for asset abandonment based on Government Regulation No. 79/2010 in order to prevent the losses suffered by the government and community. However, there are still some oil and gas companies who do not apply the ARO provision until today. This research focus on one oil and gas company in Indonesia who does not apply the ARO provision. If the company want to apply ARO provision, it will impact the financial information which are balance sheet, income statement, cash flow statement and income tax (deferred tax liabilities) of the company. However, based on the test result, it is proven that ARO provision does not change the financial information significantly, except for the balance sheet. In conclusion, ARO implementation does not impact some financial information if BUT TP plans to apply ARO in the future.

*Key words : ARO Obligation, SFAS No. 143, Oil and Gas Companies, Financial Information, Income Tax*



## **DEDICATION**

I dedicate this thesis to my parents who always support me at my lowest and keep on praying for my best.



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