



Effects of IFRS 16 on Key Financial Ratios of Spanish Companies [

2018

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Analítica

In this paper, we perform an empirical analysis in order to estimate the adoption effect of the new lease accounting standard (IFRS 16) has had on the financial statements of quoted Spanish companies. Previous literature has not considered the final version of the new standard as it had not yet been issued. In this sense, our methodology design is more consistent with the final standard as regards aspects such as lease term, discount rate, and how lease asset and liability are measured. The adoption of IFRS 16 will have a significant impact on the financial statements of Spanish companies; in fact, it will have an even greater impact than on European firms in those sectors most affected, and said impact will also be greater than that demonstrated in previous literature. There will be an important impact on balance sheet: total assets and liabilities will increase, involving an increase in leverage ratios. Interest coverage ratio will experience an important decrease. The effects will be higher in those sectors with higher lease relative volume, such as retail, hotels, professional services and the media. As in previous studies, we do not find consistent results in relation to profitability. This paper will be of use to analysts since it improves the methodology for estimating the impact of lease capitalization

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