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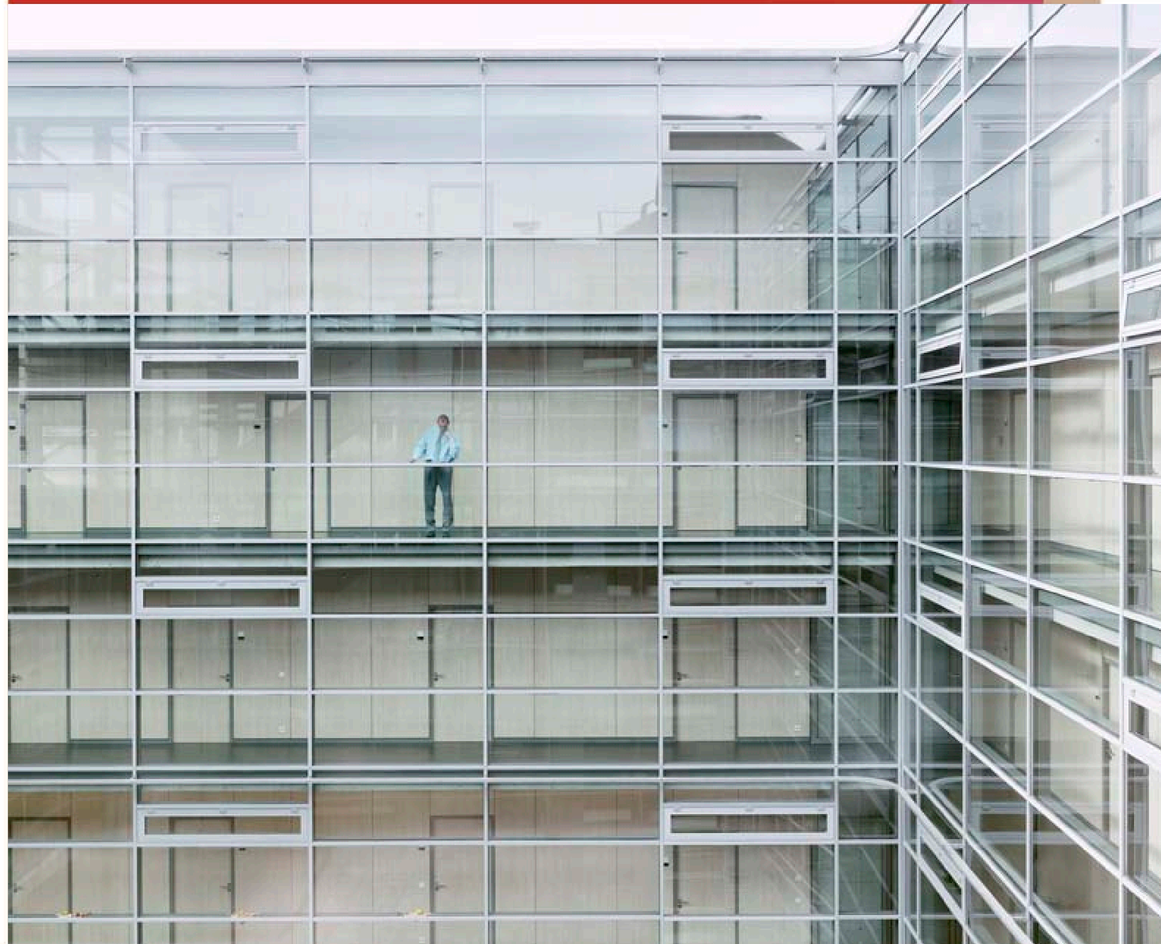
A Practical Guide to New PSAKs for 2012



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Introduction

This publication is a practical guide to the new Indonesian Financial Accounting Standards ("IFAS", or most commonly known as "PSAKs") and interpretations that come into effect in 2012. Given there are 22 standards and 11 interpretations revised or introduced for the first time in Indonesia this year, keeping up with all the latest changes to PSAKs is a very challenging task for most reporting entities. To assist, this publication highlights the key amendments and new concepts introduced by these new standards with practical advice on common issues to watch out for. This guide focuses on the standards and interpretations that we believe will affect most reporting entities across different industries. Some industry specific standards and interpretations are not discussed here, but instead we refer you to your engagement practice team for more information.

This guide is not meant to be a substitute of the comprehensive discussions already written in the PwC Manual of Accounting and other similar literature issued by PwC firms. The application of many standards can be complex and it often requires a lot of judgment; while the summary below simply highlights those amendments that we believe will be most relevant. Therefore, we recommend you to read the PSAKs and to consult with your PwC Indonesia team should you require more detailed guidance.

Lastly, with the introduction of these new standards and interpretations, IFAS have substantially reached a convergence with IFRS issued up to 2009. In the intervening period between 2009 and 2012, the International Accounting Standards Board has issued five new standards that are not yet mandatory but can be early adopted at the international level. They are financial instruments, consolidation, joint arrangements, disclosures of interests in other entities and fair value measurement (IFRS 9, IFRS 10, IFRS 11, IFRS 12, and IFRS 13 respectively). There are also a number of improvements and interpretations on existing standards. The Indonesian Institute of Accountants ("IAI") has not established a date of adoption for these new standards, improvements and interpretations. But, with the Indonesian economy becoming more integrated with the world by the day, we expect that IAI will aim to reach convergence in the future.

Jakarta, 8 August 2012

Commonly used terms

IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IAS	International Accounting Standards
IFRIC	IFRS Interpretations Committee
SIC	Standing Interpretation Committee of the IASB
US GAAP	Generally Accepted Accounting Principles in the United States of America
PSAK	*Pernyataan Standar Akuntansi Keuangan* (Statement of Financial Accounting Standards applicable in Indonesia)
ISAK	*Interpretasi Standar Akuntansi Keuangan* (Interpretation of Statement of Financial Accounting Standards applicable in Indonesia)
IAI	*Ikatan Akuntan Indonesia* (Indonesian Institute of Accountants)
DSAK	*Dewan Standar Akuntansi Keuangan dari IAI* (Indonesian Financial Accounting Standards Board of IAI)
Bapepam-LK	*Badan Pengawas Pasar Modal dan Lembaga Keuangan* (Capital Market Regulators in Indonesia)

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New PSAKs

The Effects of Changes in Foreign Exchange Rates – PSAK 10 (revised 2010)

DSAK adopted IAS 21, 'The Effects of Changes in Foreign Exchange Rates' for the version up to 2009.

Effective date
Periods beginning on or after 1 January 2012. Early adoption is permitted.

Transitional provisions
Retrospective, except for:

1. Translation requirement relating to goodwill of a foreign entity is applied prospectively; and
2. Foreign exchange capitalized under the old PSAK 10, 'Foreign Currency Transactions' para 20 due to extreme devaluation of Indonesian Rupiah is not restated.

What are the key amendments?

The revised standard requires each entity to assess its functional currency, which is the currency of the primary economic environment in which the entity operates. Different entities within a group may each have a different functional currency depending on their own primary economic environment; there is no "group" functional currency. The *default* presumption of having Indonesian Rupiah as the functional currency per PSAK 52 'Reporting Currency' is no longer available, meaning some entities will need to use a different functional currency. The revised standard places an emphasis on assessing functional currency based on primary indicators, namely the currency that mainly influences sales prices and costs. If no comprehensive conclusion can be made based on assessment of primary indicators, an entity considers secondary indicators, such as financing activities and retention of cash, and additional factors for foreign operations. Once the functional currency is identified, this forms the basis for translating foreign currency transactions and therefore can impact net profit significantly.

Under the revised standard, an entity can present its financial statements in any currency it chooses. However, a publicly listed entity subject to Bapepam regulations has to present its financial statements either in Indonesian Rupiah or other currency that is the functional currency of that entity.

Capitalization of foreign exchange due to extreme devaluation of a currency is no longer permitted under this revised standard; instead, there is a separate standard PSAK 63, 'Financial Reporting in Hyperinflationary Economies' addressing such situation.

What is the next step?

This revised standard affects all entities that have foreign currency transactions, especially those with significant sales, costs or financing denominated in foreign currencies (eg. resource sector). Management should start their assessment of functional currency as soon as possible. Functional currency is determined based on facts; it is not a choice.

The fundamental amendment that takes away the default presumption of Indonesian Rupiah requires each entity to carefully assess its functional currency. A reporting entity may end up having a functional currency other than Indonesian Rupiah, even though it may still be required to report using Rupiah for tax purposes. It is therefore important to keep track of each transaction in its own functional currency. The translation calculations for those entities with a different functional currency will also be complex due to the revised standard's retrospective application.

For further guidance, the PwC Manual of Accounting chapter 7 on 'Foreign Currencies' has twelve worked examples on determination of functional currency and additional guidance on translation.

Investment Property – PSAK 13 (revised 2011)

DSAK adopted revisions made to IAS 40 'Investment Property' up to 2009.

Effective date
Periods beginning on or after 1 January 2012.

Transitional provisions
Prospective. Property under construction is evaluated whether it qualifies as investment property as at the effective date of this standard; if it does, then the historical construction cost is deemed to be the acquisition cost of the investment property.

What are the key amendments?

DSAK adopts the improvements made by the IASB to IAS 40 in May 2008; whereby DSAK revises the scope of PSAK 13 'Investment Property' (and correspondingly the scope of PSAK 16 'Fixed Assets') to introduce a new requirement to account for properties under construction or development as investment properties. Previously, properties under construction were accounted for as fixed assets until construction or development was completed (except for those properties recognized as inventory in accordance with PSAK 14 'Inventories'), regardless of the intentions for future use as either own-use property or investment property.

Property under construction that is intended to be used as investment property after construction is completed should now be accounted for as investment property under PSAK 13 from 1 January 2012 onward. The investment property under construction should be accounted for consistently with the entity's existing accounting for other investment properties, which is using the fair value model or the cost model. There is a requirement to re-measure property under construction at fair value each period if the fair value model is applied.

Where fair value of investment property under construction is not able to be reliably measured, the property is measured at cost until the earlier of the date construction is completed or the date at which fair value can be reliably measured.

What is the next step?

Reporting entity needs to evaluate whether it has property under construction that is intended to be used as investment property after construction is completed; the measurement criteria now falls under their investment property accounting policy. As a result, this allows for more property under construction to be measured at fair value rather than cost.

Fixed Assets – PSAK 16 (revised 2011)

DSAK adopted revisions made to IAS 16 'Property, Plant and Equipment' up to 2009.

Effective date
Periods beginning on or after 1 January 2012.

Transitional provision
Retrospective.

What are the key amendments?

PSAK 16 continues to be based on IAS 16. This standard is revised mainly as consequential amendments of other standards. This revised PSAK 16 clarifies that it scopes out and excludes:

- The recognition and measurement of property, plant and equipment held for sale in accordance with PSAK 58 'Non-current Assets Held for Sale and Discontinued Operations'. Reporting entities that have classified property, plant, and equipment as held for sale should continue to follow the measurement criteria of PSAK 58, being the lower of carrying value or fair value less costs to sell.
- The recognition and measurement of exploration and evaluation assets should now follow the new PSAK 64 'Exploration and Evaluation of Mineral Resources' [i.e. the equivalent of IFRS 6].
- As discussed on page 3 of this guide, investment properties under construction and development should now apply the principles of PSAK 13 'Investment Property'.
- Last, it removes the recognition requirement for government grants from this revised standard. The accounting policy for government grant is now included in PSAK 61, 'Accounting for Government Grants and Disclosures of Government Assistance'.

It reaffirms that land usually has an indefinite useful life and therefore it is not depreciated. It refers to ISAK 25 'Land Rights', for the detailed principles on the accounting of Land in Indonesia (see page 26 of this guide).

What is the next step?

Generally, we do not expect significant impact from these amendments for most entities. A reporting entity should evaluate whether it is impacted from the changes in the scope of standard described above.

Employee Benefits – PSAK 24 (revised 2010)

DSAK adopted revisions made to IAS 19, 'Employee Benefits' up to 2009.

Effective date
Periods beginning on or after 1 January 2012.

Transitional provision
Retrospective; except for 2 specific provisions:

1. If a reporting entity chooses to recognize actuarial gains (losses) in other comprehensive income ('OCI'), all existing unrealized actuarial gains (losses) are immediately charged to OCI in the year this revised standard is adopted.
2. Certain disclosure requirements are applied prospectively (see PSAK 24 para 160 for details).

What are the key amendments?

Scope of the standard

This revised standard now scopes out all share-based awards granted to employees. Such awards should be accounted using the principles of PSAK 53 'Share-based Payment' (see page 15 of this guide).

Group pension plan

The revised standard introduces new guidance for defined benefit plans that share risks between various entities under common control, for example a parent and its subsidiaries.

A reporting entity that participates in a defined benefit plan that shares risks between various entities under common control (such as a parent and its subsidiaries) should obtain information about the plan as a whole, measured in accordance with PSAK 24. The net defined benefit cost should then be allocated among the participating entities as follows:

- If there is a contractual agreement or stated policy for charging the net defined benefit cost for the plan as a whole to participating entities, the entity should, in its separate or individual financial statements, recognize the net defined benefit cost that is charged.
- If there is no such agreement or policy, the net defined benefit cost for the plan as a whole should be recognized in the separate or individual financial statements of the entity that is legally the sponsoring employer for the plan. The other group entities should recognize in their separate or individual financial statements, a cost equal to their contribution payable for the period.

Participation of group pension plans is a related party transaction; hence the reporting entity needs to disclose the necessary information as mandated by PSAK 7 'Related Party Disclosures'.

Recognition of actuarial gains (losses) from defined benefit plans

The revised standard introduces a new method to recognize actuarial gains (losses), which is recognition through other comprehensive income ('OCI'). As a result, there are now three acceptable methods to recognize actuarial gains (losses) per PSAK 24:

- The 'corridor' approach;
- Faster recognition approach (essentially recognition in full immediately in profit or loss); or
- Full recognition in OCI (new).

The latest approach introduced by PSAK 24 allows reporting entity to recognize actuarial gains (losses) in full as they arise, outside profit or loss, in OCI. Most gains (losses) under PSAK that are recognized outside profit and loss are reclassified to the income statement in a later period, but not all. PSAK 24 is clear that actuarial gains (losses) that have been recognized directly in OCI should not be recognized in profit or loss in a subsequent period [PSAK 24 para 102]. The revised standard also makes it clear that actuarial gains and losses recognized directly in OCI should be added to or deducted from retained earnings.

If a reporting entity chooses to adopt this third alternative, all existing unrealized actuarial gains (losses) at the beginning of the year are charged to OCI in the year this standard is adopted.

Additional disclosures

The revised PSAK 24 calls for many new disclosures, especially for defined benefit pension plan. For example, it includes the requirement to disclose the following information:

- A reconciliation of the opening and closing balances of the fair value of plan assets showing separately, if applicable, the effects during the period attributable to each of the following:
  - (i) expected return on plan assets,
  - (ii) actuarial gains and losses,
  - (iii) foreign currency exchange rate,
  - (iv) contributions by the employer,
  - (v) contributions by plan participants,
  - (vi) benefits paid,
  - (vii) business combinations and
  - (viii) settlements.

  Currently, some reporting entities in Indonesia may have already disclosed reconciliation of plan assets. However, this revised standard provides specific guidance on the information required to be disclosed in such reconciliation.

- For each major category of plan assets (e.g. equity investments, debt instruments, property, etc), the percentage or amount of each major category which constitutes of the fair value of the total plan assets.

- A narrative description of the basis used to determine the overall expected rate of return on assets.

- The amounts included in other comprehensive income.

- The effect of an increase of one percentage point and the effect of a decrease of one percentage point in the assumed medical cost trend rates on:
  - (i) the aggregate of the current service cost and interest cost components of net periodic post-employment medical costs;
  - (ii) the accumulated post-employment benefit obligation for medical costs.

- The amounts for the current annual period and the previous four annual periods of the following:
  - (i) The present value of the defined benefit obligation and the fair value of the plan assets.
  - (ii) Experience adjustments arising on the plan liabilities and plan assets.

What is the next step?

The revisions made to PSAK 24 will mostly impact reporting entities that have defined benefit pension plans. A reporting entity should evaluate whether it wishes to adopt the latest alternative approach of recognizing full actuarial gains (losses) directly in OCI. This way, the reporting entity can avoid having to recognize such gains (losses) in the profit or loss, and therefore it is able to reduce the profit or loss fluctuation that would have normally been created by actuarial risks of the pension plan. Reporting entity can take advantage of the transitional provision offered by this revised PSAK 24; whereby the reporting entity does not need to restate prior year results. Instead, all unrecognized actuarial gains (losses) can simply be charged to the current year OCI.

In addition, because of the increasing number of disclosures required, it is very important for reporting entities to contact their actuaries ahead of time to obtain all the necessary information. A reporting entity that is part of a group may need to disclose the information about the group pension plan as a whole.

Borrowing Costs – PSAK 26 (revised 2011)

DSAK adopted revisions made to IAS 23, 'Borrowing Costs' up to 2009.

Effective date
Periods beginning on or after 1 January 2012.

Transitional provisions
Retrospective. Early adoption is permitted.

What are the key amendments?

PSAK 26 continues to be based on IAS 23. This revised standard excludes asset measured at fair value from its scope (Under IFRS, a practical example would be Biological Assets measured at fair value).

The definition of borrowing costs has been amended. Interest expense included in borrowing costs is now calculated using the effective interest method defined in PSAK 55 'Financial Instruments: Recognition & Measurement', instead of interest and amortization of discount or premium of a financial instrument. It basically eliminates the wording inconsistency between the original version of PSAK 26 and PSAK 55.

Finally, it specifies that when an entity applies PSAK 63, 'Financial Reporting in Hyperinflationary Economies', it recognizes as part of an expense the part of borrowing costs that compensates for inflation during the same period according to the requirement of that standard.

What is the next step?

Generally, we do not expect significant impact from these amendments for most reporting entities. Entities capitalizing significant borrowing costs should ensure they are including their interest expense under the new definition.

Leases – PSAK 30 (revised 2011)

DSAK adopted revisions made to IAS 17, 'Leases' up to 2010.

Effective date
Periods beginning on or after 1 January 2012.

Transitional provision
Retrospective.

What are the key amendments?

PSAK 30 continues to be based on IAS 17. When a lease includes both land and building; classification as finance or operating lease is performed separately on land and building in accordance with the general principles of PSAK 30. Prior to the revision, PSAK 30 required a lease of land with an indefinite useful life to be classified as an operating lease, unless title passes at the end of the lease term. However, the Board has concluded that this is inconsistent with the general principles of lease classification, so the aforementioned "automatic" classification of land as an operating lease has been removed. Instead, a determination of the appropriate classification of land should be performed using the general principles of lease classification.

A reporting entity shall now reassess the classification of land and building elements of unexpired leases at the date it adopts this revised standard on the basis of information existing as of the inception of those leases. It shall classify a land, or building, lease newly classified as a finance lease from such a reassessment retrospectively.

What is the next step?

Reporting entity should reassess the classification of the land elements of unexpired leases. Long leases of land may sometimes be classified as finance leases (for example, land leases over 99 to 999 years).

In addition, long leases of properties (for example, leases of building and land over 25 years) may result in the building element getting classified as finance lease, while the land element is treated differently as an operating lease. The minimum lease payments are allocated between the land and buildings elements in proportion to the relative fair values of the *leasehold interests* in the land and building elements of the lease at inception of the lease.

Construction Contracts – PSAK 34 (revised 2011)

DSAK adopted revisions made to IAS 11, 'Construction Contracts' up to 2009.

Effective date
Periods beginning on or after 1 January 2012.

Transitional provisions
Retrospective.

What are the key amendments?

The types of construction costs included in the calculation of the percentage of completion method used to recognize construction revenues are now expanded. Borrowing costs that have been capitalized to the qualifying asset per PSAK 26, 'Borrowing Costs', should be included as part of total costs used in the percentage of completion method calculation. Also, costs that are specifically chargeable to the customer under the terms of the contract, including some general administration and development costs for which reimbursement is specified in the terms of the contract, are included in the percentage of completion calculation.

What is the next step?

The inclusion of borrowing costs and chargeable administration costs in the total costs to complete a construction contract will affect the determination of the amount of revenue to be recognized based on the percentage of completion calculation. Reporting entities that incur significant amount of borrowing and chargeable administration costs during the early stages of their construction projects would be able to recognize more construction revenues upfront. Conversely, recognition of some construction revenues may have to be delayed until later stages of the projects, depending on the significance of the borrowing and chargeable administration costs to the total project costs, and the timing of when they will be incurred. Reporting entities should evaluate the significance and timing of these costs that will impact their existing revenue recognition pattern.

Income Taxes – PSAK 46 (revised 2011)

DSAK adopted revisions made to IAS 12, 'Income Taxes' up to 2009. The revised PSAK 46 also continues to include some specific guidance on final tax and tax uncertainties assessment for reporting entities in Indonesia. This specific guidance is not included in IAS 12.

Effective date
Periods beginning on or after 1 January 2012.

Transitional provisions
Retrospective except for recognition of deferred tax assets acquired in business combinations (regarding the unrecognized tax benefits of the acquiree) prior to the effective date of PSAK 22 (revised 2010).

Overview of PSAK 46

The previous version of PSAK 46 (1997), 'Accounting for Income Taxes', was already based on IAS 12. Generally, there is no amendment on the principals of how a reporting entity computes its deferred taxes. The revised PSAK 46 provides more detailed guidance on the deferred tax impact arising from share based payments, assets carried at fair value, compound instruments and investment in subsidiaries, branches, associates, and interests in joint ventures. It also provides an appendix to the standard which contains examples of taxable and deductible temporary differences and calculation examples of deferred taxes.

What are the key amendments?

The revised standard confirms that if there is any temporary difference coming from share based payments, assets carried at fair value and compound instruments, there will be current and deferred taxes recognition.

The standard clarifies that an entity should recognize deferred taxes for any temporary difference associated with investments in subsidiaries, branches and associates, and interests in joint ventures unless the investor is able to control the timing of the reversal and it is probable that the temporary difference will not reverse in the foreseeable future. There is no such detailed guidance in previous version. Under the revised standard, it is more likely for investments in associates and interests in joint ventures to recognize deferred tax since these investors do not have control over their investees. For more guidance, please refer to PwC IFRS Manual of Accounting chapter 13 on 'Taxation'.

In addition to unused tax losses and deductible temporary differences, the revised PSAK 46 adds that deferred tax assets may arise from unused tax credit as long as the tax law permits. This guidance is not available in the previous version. The revised standard also clarifies the tax consequences arising from dividends. If distributed income (i.e. dividend) is taxed at a rate that is different from the tax rate on undistributed income, deferred tax assets and liabilities should be measured using the tax rates on undistributed profits.

What is the next step?

There are no changes to the calculation method of deferred taxes. However, reporting entities with investments in subsidiaries, branches, associates and interests in joint ventures should pay particular attention to this new guidance as it may require the establishment of deferred tax assets / liabilities from such investment as mentioned above. Entities with the types of transactions where specific guidance is provided should familiarize themselves with the specific guidance and ensure their taxation calculations are consistent.

Financial Instruments: Presentation – PSAK 50 (revised 2010)

DSAK adopted revisions made to IAS 32, 'Financial Instruments: Presentation' up to 1 October 2009.

Effective date
Periods beginning on or after 1 January 2012.

Transitional provision
Prospective. Early adoption is permitted.

PSAK 50 continues to be based on IAS 32. Because the previous version was introduced four years ago, this version of PSAK 50 (revised 2010) adopts all the revisions made by the IASB to IAS 32 from 2006 to 1 October 2009. Some of the notable changes include:

1. Puttable financial instruments

It introduces a limited exception to the principles in PSAK 50 for certain puttable financial instruments and certain instruments containing obligations arising on liquidation. Where such instruments meet the strict criteria set out in the amendment, they must be classified as equity, rather than financial liabilities, despite the contractual obligation to deliver cash or another financial asset. This amendment has a restricted scope; however, it is likely to have a significant impact on the financial statements of those entities to whom it does apply. It prohibits designating inflation as a hedgeable component of a fixed rate debt.

What instruments may be affected by the amendment?

The amendment applies to certain financial instruments issued by an entity that give the investor the right to get their capital back from the issuing entity for cash or another financial asset:

- at the investor's option (for example, units in some investment funds);
- automatically on the occurrence of a specified event, (for example on the retirement of a partner in a partnership or a member of a co-operative); or
- on liquidation of a limited life entity (for example limited life partnerships used in the private equity industry) or when liquidation is at the option of the investor.

To be classified as equity, such instruments must meet the strict criteria set out in the amendment. For example, one requirement is that the instrument holder is entitled to a pro rata share of net assets on liquidation, which could be indicative of an equity like return.

What is the impact of the amendment?

This assessment is mandatory for those, relatively few, entities that are affected by the amendment; the impact on both the profit or loss and the balance sheet can be significant. For example, some entities that do not have any equity before the amendment may now have equity.

2. Rights issue

This amendment recognizes that the previous requirement to classify foreign-currency denominated rights issued to all existing shareholders on a pro rata basis as derivative liabilities is not consistent with the substance of the transaction, which represents a transaction with owners acting in their capacity as such. The amendment therefore creates an exception to the 'fixed for fixed' rule in PSAK 50 and requires rights issues within the scope of the amendment to be classified as equity. This amendment was introduced by the IASB in response to the global financial crisis, when there has been a significant increase in the issuance of rights to all existing shareholders.

What is a rights issue?

A rights issue is used as a means of capital-raising whereby an entity issues a right, option or warrant to all existing shareholders of a class of equity on a pro rata basis to acquire a fixed number of additional shares at a fixed strike price. The strike price is usually set below current market share price, and shareholders are

economically compelled to exercise the rights so that their interest in the entity is not diluted. Rights issues are not used for speculative purposes and are required by laws or regulations in many jurisdictions when raising capital.

Why do we need a new guidance on rights issue?

Rights issues have become popular in the face of global financial crisis due to liquidity constraints in some markets. Listed entities in Indonesia are required by Bapepam regulations to issue rights denominated in Indonesian Rupiah. Unfortunately, a fixed strike price in other than the entity's functional currency violates 'fixed for fixed' equity classification criterion in PSAK 50 and hence results in the instrument being classified as a derivative liability measured at fair value through profit or loss if an entity has a functional currency other then Indonesian Rupiah. Given that rights issues are usually relatively large transactions, this would have a substantial effect on entities' financial statements.

What does the amendment require?

The accounting standards board recognized that classifying foreign-currency-denominated rights issued to *all* existing shareholders on a *pro rata basis* as derivative liabilities was not consistent with the substance of the transaction, which represents a transaction with owners acting in their capacity as such. The amendment therefore created an exception to the 'fixed for fixed' rule in PSAK 50 and required rights issues within the scope of the amendment to be classified as equity.

What is the scope of this new guidance on rights issue?

The scope of the amendment is narrow and applies only to pro rata rights issues to all existing shareholders in a class on a pro rata basis. It does not extend to long-dated foreign currency rights issues or foreign-currency-denominated convertible bonds. For these instruments, the option to acquire the issuer's equity will continue to be accounted for as a derivative liability, with fair value changes recorded in profit or loss.

How will this change current practice for the accounting of rights issue?

Rights issues are now required to be classified as equity if they are issued for a fixed amount of cash regardless of the currency in which the exercise price is denominated, provided they are offered on a pro rata basis to all owners of the same class of equity. Unlike derivative liabilities, equity instruments are not subsequently re-measured at fair value through profit or loss. The accounting therefore becomes less complex, and there is less volatility in profit or loss.

3. Disclosures

Disclosure requirements are now covered in PSAK 60, 'Financial Instruments: Disclosures'.

Financial Instruments: Recognition and Measurement – PSAK 55 (revised 2011)

DSAK adopted revisions made to IAS 39, ‘Financial Instruments: Recognition and Measurement’ up to 2009.

Effective date
Periods beginning on or after 1 January 2012.

Transitional provisions
Prospective. Early adoption is permitted.

What are the key amendments?

PSAK 55 continues to be based on IAS 39. This version of PSAK 55 (revised 2011) adopts the revision made by the IASB on 1 July 2008 when it slightly relaxed the reclassification rules for certain financial assets (namely held-for-trading).

This amendment allows a non-derivative financial asset to be reclassified out of held-for-trading into another category in the following circumstances:

(1) If the financial asset meets the definition of loans and receivables at the date of reclassification and the entity at that date has the intent and ability to hold it for the foreseeable future or to maturity. (Note that a financial asset cannot meet the definition of loans and receivables if it is quoted in an active market).

(2) Transfer into held-to-maturity or available-for-sale category can only be done in *rare circumstances*, provided that these financial assets are no longer held for the purpose of selling or repurchasing in the near term and meet the definition of the target category.

At the date of reclassification, the fair value of any financial asset reclassified under these provisions becomes its new cost or amortized cost as applicable. Any gain or loss already recognized in profit or loss is not reversed.

The Basis for Conclusions of the amendment to IAS 39 defines a rare circumstance as arising "from a single event that is unusual and highly unlikely to recur in the near-term". In its press release announcing the publication of this amendment to IAS 39, the IASB indicated that the deterioration of the world's financial markets that occurred during the third quarter of 2008 was a possible example of 'a rare circumstance'.

Who is affected?

DSAK in Indonesia does not provide additional example of ‘a rare circumstance’; however, one can reasonably expect that the intention of adopting this slightly relaxed rule is the same with that of the IASB’s. Therefore, we expect transfers of held-for-trading assets into held-to-maturity or available-for-sale category cannot be performed regularly, unless there is a systemic event impacting the economy as a whole.

Earnings per Share – PSAK 56 (revised 2011)

DSAK adopted revisions made to IAS 33 'Earnings per Share' up to 2009.

Effective date
Periods beginning on or after 1 January 2012.

Transitional provisions
Retrospective.

The previous version of PSAK 56 (1999) 'Earnings per Share', already adopted IAS 33. This revised PSAK 56 contains several revisions made by the IASB in the last ten years to IAS 33.

What are the key amendments?

Generally, there is no amendment on how a reporting entity should compute its basic earnings per share (EPS). The revised PSAK 56 simply elaborates on the general principles in calculating basic EPS. It is calculated based on profit or loss attributable to ordinary shareholders of the parent entity, so it excludes earnings attributable to non-controlling interest. Dividends of preference shares that are classified as liabilities on the balance sheet should be treated as interest expense reducing the net profit for year. Contingently issuable shares are included in the basic EPS denominator only when the contingency has been met.

Diluted EPS is calculated separately when there are potential additional shares to be issued by the reporting entity from some contractual arrangements that entitle the holders to the shares of the entity; resulting in an overall reduction of EPS - *dilutive effects*. This revised standard introduces several clarifications on the computation of diluted EPS, including:

- Options and warrants have a dilutive effect only when the average market price of ordinary shares during the period exceeds the exercise price of the options or warrants (i.e. they are 'in the money').
- The dilutive effect of convertible instruments shall be reflected in diluted EPS. However, convertible preference shares are anti-dilutive whenever the amount of the dividend on such shares exceeds basic EPS. Similarly, convertible debt is anti-dilutive whenever its interest per share exceeds basic EPS.
- New guidance for certain convertible debt securities that give the issuer a choice of either cash or share settlement (at the issuer's election). The presumption is that such contract will be settled in common shares and will be included in the diluted EPS calculation if the effect is dilutive. The presumption can never be rebutted. The old PSAK 56 (1999) did not have specific guidance on this issue.
- The revised PSAK 56 affirms that contracts such as purchased put options and purchased call options held by an entity over its own ordinary shares are not included in the calculation of diluted EPS. This is because their inclusion would be anti-dilutive.
- The revised standard also deals with written put options. Contracts that require the entity to repurchase its own shares, such as written put options and forward purchase contracts are reflected in diluted EPS if their effect is dilutive. If the contracts are 'in the money' during the period, that is, if the exercise or settlement price is above the average market price for the period, their dilutive effects should be calculated using the 'reverse treasury stock' method.

What is the next step?

Most reporting entities that do not have dilutive instruments will not be affected by this revision to PSAK 56. There are no changes to the calculation of basic EPS. However, reporting entity with potential dilutive instruments like: options, warrants, rights, convertible preference shares, or convertible debt instruments should pay particular attention to the new guidance in calculating diluted EPS.

Share-based Payment – PSAK 53 (revised 2010)

DSAK adopted IFRS 2 'Share-based Payment' for the first time in Indonesia. The previous version of PSAK 53 was an adaptation of Financial Accounting Standards 123 of US GAAP.

Effective date
Periods beginning on or after 1 January 2012.

Transitional provisions
Retrospective. Early adoption is permitted (please see guidance on transitional provisions below).

Brief overview of PSAK 53

PSAK 53 adopts IFRS 2 'Share-based Payment' per October 2009. It applies to transactions where a reporting entity receives goods or services from a counterparty and in return it grants equity instruments or incurs a liability to deliver cash or other assets whose amount is dependent on the value of its own equity instrument (or other entity in the group) as consideration.

The way the relevant expense will be calculated will also change as the revised standard provides specific measurement criteria for various scenarios. For example, share-based payment transactions with non-employees are usually measured at the fair value of the goods or services received; whereas, transactions with employees are generally measured at the fair value of the equity instruments granted. There are different vesting and non-vesting conditions that need to be considered.

Cancellation and modification of share-based transaction are treated separately. Modification that results in the incremental fair value of the equity instruments granted is recognized in addition to grant date fair value. Cancellation is treated as an acceleration of vesting resulting in an acceleration of share-based charge in the income statement.

There are also extensive disclosures requirement for share-based payment transactions, including disclosures of: nature and the description of key terms of the arrangement, reconciliation of the number and the weighted average exercise prices of share options, the methods and assumptions used to determine fair value, etc.

Group share-based payment

Although the original version of PSAK 53 already included some group share-based payment arrangement, it only included the issuance of equity-settled awards by the shareholders of the reporting entity. The revised PSAK 53, however, has a broader scope; whereby it includes both equity-settled and cash-settled awards issued by any entity within the group to the employees of a reporting entity. So more employee schemes and plans will be accounted for under PSAK 53 then previously.

The revised PSAK 53 adopted the latest amendment made by the IASB to IFRS 2 in June 2009; when the IASB incorporated the guidance of IFRIC 11, 'IFRS 2 – Group and treasury share transactions' into IFRS 2. Consequently, our revised PSAK 53 now covers cash-settled awards that will be settled by another entity within the group that does not employ the employees who receive the awards. For example, where a parent entity issues a cash-settled award to employees of its subsidiary, the revised PSAK 53 confirms that this will be treated as a cash-settled share-based payment transaction in the parent's separate and consolidated financial statements (because the parent entity has granted the award and has the obligation to settle in cash); and as an equity-settled transaction in the subsidiary's financial statements (because the subsidiary has no obligation to settle the award).

What is the next step?

The types of employee schemes and plans required to be accounted for under PSAK 53 has changed significantly, as well as the method of expense calculations. Employee schemes and plans should be assessed to determine how they should be accounted for under the new requirements (subject to the transitional requirements).

One of the main revisions made to PSAK 53 is on the accounting of group share-based payment. In practice, employees working for a subsidiary of a multinational company in Indonesia may receive share-based payments from the ultimate foreign parent. But often times, such an arrangement is not disclosed in the employment contract between the local subsidiary and the individual employee. Therefore, it is important to verify the existence and the completeness of such arrangements. The fair value of the awards granted to such individual has to be accounted for by the subsidiary in Indonesia. Moreover, the disclosures prescribed in PSAK 53 are required in full even in subsidiary accounts. Finally, entities should be aware that the accounting may be different between the group and subsidiary so a subsidiary cannot automatically follow its parent's accounting.

For more guidance, please refer to PwC IFRS Manual of Accounting chapter 12 on 'Share-based payment' and the PwC publication issued in February 2011 'A practical guide to share-based payments'.

Key transitional provisions

- For equity-settled share-based payment transactions, a reporting entity applies this revised standard prospectively for instruments granted after 1 January 2012.

- For all grants of equity instruments to which this revised standard has not been applied (e.g. equity instruments granted on or before 1 January 2012), the entity shall nevertheless disclose the information required.

- The principles of this revised standard should be applied to modification of the terms or conditions that occurs after 1 January 2012, even if the original grant was completed prior to 1 January 2012.

- For liabilities arising from cash-settled share-based payment transactions, the reporting entity measure the liability amount existing as at 1 January 2012 and re-measures the amount every period end until settlement.

- The reporting entity is encouraged, but not required, to apply this revised standard earlier. In that case, the entity shall restate comparative information and, where applicable, adjust the opening balance of retained earnings for the earliest period presented.

Financial Instruments: Disclosures – PSAK 60

DSAK adopted IFRS 7 'Financial Instruments: Disclosures' for the version issued as of March 2009.

Effective date
Periods beginning on or after 1 January 2012.

Transitional provisions
Prospective. Early adoption is permitted.

What is PSAK 60?

This is the first time IFRS 7 is adopted in Indonesia. PSAK 60 'Financial Instruments: Disclosures', consolidates and expands a number of existing disclosure requirements and adds some significant and challenging new disclosures. Some of the requirements of PSAK 60 will be familiar due to the fact that it is, in part, a replacement of PSAK 50, 'Financial Instruments: Presentation', while others – such as the requirement to provide quantitative and qualitative risks disclosures – are new and may present a challenge to some entities.

Brief overview of PSAK 60

The overriding principle is to disclose sufficient information to enable users of financial statements to evaluate the significance of financial instruments for an entity's financial position and performance. PSAK 60 contains new disclosures on risk and risk management and requires reporting entities to report the sensitivity of their financial instruments to movements in risks. Some of the notable new requirements are:

Qualitative and Quantitative disclosures of the impact of risks

PSAK 60 adopts the PSAK 50's requirements for disclosure of qualitative information about each type of risks (credit risk, liquidity risk, and market risk), including the objectives, policies, and processes used by the reporting entities to manage those risks.

For each type of risk, PSAK 60 adds a new requirement for entities to disclose summary of quantitative data on risk exposure at reporting date, based on information provided internally to key management personnel and any concentrations of risk. Entities must also ensure they disclose the following information related to credit risk, liquidity risk and market risk:

Credit risk:

- An entity's maximum exposure to credit risk and any related collateral held.
- Information on credit quality of assets that are neither past due or impaired.
- Analysis of the age of financial assets that are past due but not impaired.
- Analysis of financial assets that are individually determined to be impaired.

Our experience has shown that many entities find it difficult and time consuming to prepare the credit risk information.

Liquidity risk

- A maturity analysis for financial liabilities showing the remaining contractual maturities and a description of the approach to managing the inherent liquidity risk. Liquidity risk disclosure is based undiscounted contractual cash flows, a significant change from current presentation of discounted cash flows.

Market risk

- A sensitivity analysis for each type of market risk (currency, interest rate and other price risk) to which an entity is exposed at reporting date. This should illustrate how profit or loss and equity would have been affected by 'reasonably possible' changes in the relevant risk variable, as well as the methods and assumptions used in preparing such an analysis.
- Any changes in methods and assumptions from the previous period and reasons for such a change.

Fair value disclosures

PSAK 60 requires disclosures of information about the fair values of each class of financial asset and financial liability. For those instruments carried at fair value on balance

sheet date, reporting entity also needs to disclose:

- Description of how fair value was determined; and
- The level of inputs used in determining fair value using the hierarchy described below.

The fair value hierarchy introduces 3 levels of inputs based on the relative significance of the inputs used in measuring the fair value:

- Level 1 – quoted prices for similar instruments determines fair value;
- Level 2 – directly observable market inputs other than Level 1 inputs; and
- Level 3 – inputs not based on observable market data.

PSAK 60 exempts the disclosure of fair values when the carrying amount is a reasonable approximation of fair value, such as short-term trade receivables and payables, or for instruments whose fair value cannot be measured reliably (though these instruments have additional detailed disclosure).

Enhanced disclosures for items affecting total comprehensive income

PSAK 60 requires disclosures of gains and losses to be separated based on *each* class of the financial instruments, as follow:

- Financial assets measured at fair value through profit and loss, showing separately those held for trading and those designated at initial recognition;
- Held-to-maturity investments.
- Loans and receivables.
- Available-for-sale assets.
- Financial liabilities measured at fair value through profit and loss, showing separately those held for trading and those designated at initial recognition.
- Financial liabilities measured at amortized cost.

Other profit or loss related disclosures, include:

- Total interest income and total interest expense for those financial instruments that are not measured at fair value through profit and loss;
- Fee income and expense;
- Amount of impairment losses by class of financial assets; and
- Interest income on impaired financial assets.

These are significant changes to the old PSAK 50 standard, where reporting entities simply aggregated all gains and losses in the year. Therefore, management should implement the necessary systems and processes to capture the required information.

Presentation by class of financial instruments

PSAK 60 requires certain disclosures to be given by class of financial instruments, including the following:

- The reconciliation of an allowance account;
- The amount of impairment loss for financial assets;
- Fair values and the methods or assumptions applied in determining those values; and
- Specific disclosures relating to credit risk.

A 'class' of financial instruments is not the same as a 'category' of financial instruments. Categories are defined by PSAK 55 as financial assets at fair value through profit or loss (held for trading or designated at initial recognition), held-to-maturity investments, loans and receivables, available-for-sale financial assets, financial liabilities at fair value through profit or loss (held for trading or designated at initial recognition) and financial liabilities measured at amortized cost. Classes should be determined at a lower level than the measurement categories and reconciled back to the balance sheet. The level of detail for a class should be determined on an entity specific basis and may be defined for each individual disclosure in a different way depending on the characteristics of the instruments. For example, investments may be classified as listed equity and unlisted equity.

Who is impacted?

PSAK 60 applies to all entities that have financial instruments. Some of the more common financial instruments that fall within the scope of this standard are cash and cash equivalents, investments, trade payables and receivables, borrowings, and derivatives. It is not true that this standard only impacts banks and financial institutions.

What is the next step?

Reporting entities should evaluate what types of financial instruments they have to determine the disclosures required by PSAK 60. This guide does not summarize the full details of PSAK 60. The application of this standard can be complex to some reporting entities. For more guidance, we highly recommend you to look at PwC Manual of Accounting – Financial Instruments.

New ISAKs

Hedges of a Net Investment in a Foreign Operation – ISAK 13

DSAK adopted IFRIC 16 'Hedges of a Net Investment in a Foreign Operation' for the first time in Indonesia.

Effective date
Periods beginning on or after 1 January 2012. Early adoption is permitted.

Transitional provisions
If an entity had designated a hedging instrument as a hedge of a net investment but the hedge does not meet the conditions for hedge accounting in this Interpretation, the entity shall apply PSAK 55 to discontinue that hedge accounting prospectively.

Overview of ISAK 13

This interpretation clarifies the following in respect of net investment hedging:

- The risk being hedged should relate to differences in functional currency between any parent (including an intermediate parent) and its subsidiary. The hedged risk cannot relate to the group's presentation currency.
- Hedging instruments may be held anywhere in the group (apart from the subsidiary that itself is being hedged).

What is the next step?

We do not expect this interpretation to have significant impact for most reporting entities in Indonesia. This interpretation is only applicable to reporting entity that hedge net investment in a foreign operation.

PSAK 24 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – ISAK 15

DSAK adopted IFRIC 14 'The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' for the first time in Indonesia.

Effective date
Periods beginning on or after 1 January 2012.

Transitional provisions
Retrospective.

Overview of ISAK 15

This interpretation provides guidance on assessing the limit in PSAK 24, 'Employee Benefits', on the amount of the surplus that can be recognized as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. In general this interpretation clarifies the economic benefit, in the form of a refund or a reduction in future contributions, is available for the plan asset if the entity can realize it at some point during the life of the plan or when the plan liabilities are settled.

What is the next step?

For reporting entities in Indonesia that have no minimum funding requirements to the pension plan, we do not expect this interpretation to have significant impact.

Income Taxes – Changes in the Tax Status of an Entity or its Shareholders – ISAK 20

DSAK adopted SIC 25, 'Income Taxes – Changes in the Tax Status of an Entity or its Shareholders' for the first time in Indonesia.

Effective date
Periods beginning on or after 1 January 2012.

Transitional provisions
Retrospective. A reporting entity that is having a business combination has to early adopt this interpretation.

Overview of ISAK 20

A change in the tax status of a reporting entity will change the effective income tax rate applicable to the reporting entity. This interpretation clarifies that the current and deferred tax consequences of a change in the tax status of a reporting entity should be included in the profit or loss for the period. Tax consequences that relate to changes in the recognized amount of equity shall be charged or credited directly to equity. Similarly, tax consequences that relate to amount recognized in other comprehensive income shall be charged or credited directly to other comprehensive income.

What is the next step?

This interpretation affects reporting entity that has a change in tax status, for example: when a private entity becomes public or when there are special tax privileges granted by the tax office to certain industries. A reporting entity should evaluate the impact of the change in tax status on its current and deferred taxes, and account for the impact accordingly.

Operating Leases – Incentives – ISAK 23

DSAK adopted SIC 15, 'Operating Leases – Incentives' for the first time in Indonesia.

Effective date
Periods beginning on or after 1 January 2012.

Transitional provisions
Generally, retrospective.

Overview of ISAK 23

Lessees are sometimes given incentives to sign operating leases for office or retail property. ISAK 23 sets out the required accounting for incentives of this type. Operating lease incentives may take many different forms. Examples of such incentives include: contributions to relocation or start-up costs; the assumption of liabilities, such as the rentals under an old lease which would otherwise fall to be a vacant property; or the gift of an asset such as the lessor bearing directly all the costs of fitting out the property to the lessee's specifications or giving rent-free or reduced rental periods for an initial period of the lease. However, ISAK 23 requires the same treatment for all incentives for the agreement of a new or renewed operating lease, regardless of their form or cash flow effect.

The aggregate benefit of incentives should be recognized by the lessee as a reduction of the rental expense over the lease term on a straight-line basis, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset. This requirement seeks to ensure that the profit and loss account reflects the true effective rental charge for the property irrespective of the particular cash flow arrangements agreed between the two parties.

What is the next step?

All lessors that provide, and lessees that obtain, leases should follow the accounting principles of this interpretation. For more detailed guidance, please refer to PwC Manual of Accounting chapter 19, 'Lease accounting', section 19.79.

Evaluating the Substance of Transactions Involving the Legal Form of a Lease – ISAK 24

DSAK adopted SIC 27, 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease' for the first time in Indonesia.

Effective date
Periods beginning on or after 1 January 2012.

Transitional provisions
Retrospective, early adoption is permitted.

Overview of ISAK 24

It is important to consider whether transactions that involve the legal form of a lease do in fact have the commercial substance of a leasing arrangement. The basic principle of ISAK 24 is that a series of transactions that involve the legal form of a lease should be accounted for in accordance with their substance. Where the overall economic effect of a series of transactions cannot be understood without reference to the series of transactions as a whole, the transactions should be accounted for as a single transaction.

What is the next step?

One of the common examples that ISAK 24 addresses is where a reporting entity leases out its asset to an investor, but immediately leases it back for its own use (back-to-back leases). This type of transaction is often entered to achieve tax benefits; but the substance of the transaction as a whole is not really that of a leasing arrangement. For more detail guidance, please refer to PwC Manual of Accounting chapter 19, 'Lease accounting', section 19.33.

Land Use Rights – ISAK 25

DSAK introduced this interpretation specifically to address land use rights in Indonesia. This is Indonesian specific guidance and will differ from IFRS treatment.

Effective date
Periods beginning on or after 1 January 2012.

Transitional provisions
On the adoption of this standard, a reporting entity recapitalizes the initial legal costs paid to obtain land use rights to the cost of land in fixed assets account.

Overview of ISAK 25

This interpretation is only applicable to land use rights in Indonesia (i.e. Hak Guna Usaha, Hak Guna Bangunan, dan Hak Pakai). The interpretation clarifies that the considerations paid to obtain land use rights in Indonesia should be properly capitalized as part of either PSAK 16, 'Fixed Assets', PSAK 13, 'Investment Property', or PSAK 14 'Inventories'. Determination of the appropriate category should be based on the classification of the underlying asset itself; whether the land is accounted for as Fixed Assets, Investment Property, or Inventories depending on the nature and purpose of its use as intended by management. In most cases land use rights in Indonesia can be continuously renewed, therefore it has an indefinite economic life and it is not depreciated; unless there are specific indications that suggest otherwise. The interpretation provides three examples of such indications.

The initial legal costs paid to obtain land use rights are considered to be part of the cost of land, and therefore they are not depreciated. Subsequent costs incurred to renew land use rights are capitalized as part of intangible assets and are depreciated over the shorter of (a) legal life of the land rights, or (b) economic life of the land.

What is the next step?

Every reporting entity that has obtained the right to use land in Indonesia will be affected. In the past, all legal costs paid to obtain land use rights were deferred and depreciated over the legal life of the rights. This new interpretation, however, takes a slightly different approach whereby the *initial* legal costs paid to obtain land use rights for the first time are deemed to be part of the non-depreciable cost of the land.

Practical application of the transitional provision

In the past, reporting entities in Indonesia were required to defer and to depreciate the legal costs paid to obtain land use rights (usually over 20 – 25 years). As at 1 January 2012, reporting entities should stop depreciating the deferred legal charges relating to the *initial* legal costs. Reporting entities should reclassify the remaining deferred legal charges relating to the *initial* legal costs to the cost of land in fixed assets.

For example, a reporting entity acquired a piece of land for Rp800-million in 2010. It paid Rp25-million of legal costs to complete the rights registration process (i.e. the *initial* legal costs). The reporting entity would have been depreciating Rp25-million over 25 years, or Rp1-million/year in fiscal year 2010 and 2011 according to the old accounting standard applicable at the time. As at 1 January 2012, the reporting has a remaining deferred legal charges relating to the *initial* legal costs of Rp23-million. Consequently, on the adoption of this interpretation, the reporting entity reclassifies the remaining deferred legal charges to the cost of land in fixed assets, making a total cost of land of Rp823-million starting 1 January 2012. It is a reclassification of balance sheet accounts.

Reassessment of Embedded Derivatives – ISAK 26

DSAK adopted IFRIC 9, ‘Reassessment of Embedded Derivatives’ for the first time in Indonesia.

Effective date
Periods beginning on or after 1 January 2012.

Transitional provisions
Retrospective, early adoption is encouraged.

Overview of ISAK 26

A reporting entity shall assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the reporting entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required.

What is the next step?

Reporting entity that is modifying or renegotiating the terms of a host contract should consider whether the embedded derivative needs to be reassessed.

Other PSAKs & ISAKs applicable in 2012

Below is the list of other PSAKs & ISAKs that are applicable starting 1 January 2012. This guidance currently does not cover these standards as they only impact certain industries. Please contact the respective industry practice group for further guidance on these standards.

Pension Plan

PSAK 18 (revised 2010) – Accounting and Reporting by Retirement Benefit Plans *(adopting IAS 26)*

Insurance

PSAK 28 (revised 2010) – Accounting for Loss Insurance
PSAK 36 (revised 2010) – Accounting for Life Insurance
PSAK 62 – Insurance Contracts *(adopting IFRS 4)*

Extractive Industries

PSAK 33 (revised 2010) – Stripping Activities and Environmental Management in General Mining
PSAK 64 – Exploration and Evaluation of Mineral Resources *(adopting IFRS 6)*

Non-Profit and Government Related Activities

PSAK 45 (revised 2010) – Financial Reporting for Non-Profit Organizations
PSAK 61 – Accounting for Government Grants and Disclosures of Government Assistance *(adopting IAS 20)*
ISAK 18 – Government Assistance – No Specific Relation to Operating Activities *(adopting SIC-10)*

Service Concession Arrangements

ISAK 16 – Service Concession Arrangements *(adopting IFRIC 12)*
ISAK 20 – Service Concession Arrangements: Disclosures *(adopting SIC-29)*

Other

PSAK 63 – Financial Reporting in Hyperinflationary Economies *(adopting IAS 29)*
ISAK 19 – Applying the Restatement Approach under PSAK 63: Financial Reporting in Hyperinflationary Economies *(adopting IFRIC 7)*

PSAKs & ISAKs withdrawn in 2012

Below is the list of PSAKs & ISAKs that are withdrawn and revoked starting 1 January 2012.

Foreign Currencies

PSAK 11 – Translation of Financial Statements in Foreign Currencies*
PSAK 52 – Reporting Currencies*
ISAK 4 – Allowable Alternative Treatment of Foreign Exchange Differences*
*These three standards are withdrawn through the issuance of PSAK 10 (revised 2010)

Extractive Industries

PSAK 29 – Accounting for Oil and Gas (withdrawn through the issuance of PSAK 64)

Other

PSAK 44 – Accounting for Real Estate Development Activities (withdrawn through the issuance of PPSAK 7) This is the first phase of the revocation of the standard; it will be fully revoked in 2013
PSAK 27 – Accounting for Cooperatives (withdrawn through the issuance of PPSAK 8)
ISAK 5 – Interpretation of Paragraph 14 of PSAK 50 (1998) on Reporting Changes in Fair Value of Investment in Securities Available for Sale (withdrawn through the issuance of PPSAK 9)
PSAK 39 – Accounting for Joint Operations (withdrawn through the issuance of PPSAK 11)

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