

Assurance NewsFlash

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A Note on Financial Reporting: the Year Ahead

Current status of the accounting standards

The following is a recap of the current status of various Indonesian accounting standards ("PSAKs") as at the end of 2007 (or beginning of 2008). These new standards are generally based on International Accounting Standards ("IAS") or International Financial Reporting Standards ("IFRS"), adopted with little or no modification.

PSAKs applicable for financial statements covering periods beginning on or after **1 January 2008** are:

Standards	Comment
PSAK 13 (Revised 2007) - Investment Property	The revised accounting standard is based on IAS 40 – Investment Property
PSAK 16 (Revised 2007) - Fixed Assets	The revised standard is based on IAS 16 - Property, Plant and Equipment
PSAK 30 (Revised 2007) - Leases	The revised accounting standard is based on IAS 17 – Leases

In addition, there are a number of Islamic or *Shari'a*- based standards applicable as of the beginning of this year:

- Framework for the Preparation and Presentation of *Shari'a* Financial Statements
- PSAK 101 - Presentation of *Shari'a* Financial Statements
- PSAK 102 - *Murabahah* Accounting
- PSAK 103 - *Salam* Accounting
- PSAK 104 - *Istishna'* Accounting
- PSAK 105 - *Mudharabah* Accounting
- PSAK 106 - *Musyarakah* Accounting

These standards are mostly applicable to financial institutions operating based on *Shari'a* principles. However, please be advised that the proposed standards may also affect other entities in circumstances where these entities enter into transactions based on *Shari'a* principles.

PSAKs that will be effective for financial statements covering periods beginning on or after **1 January 2009** are:

Standards	Comment
PSAK 50 (Revised 2006) - Financial Instruments: Presentation and Disclosure	The revised standard is based on IAS 32 - Financial Instruments: Presentation and Disclosure
PSAK 55 (Revised 2006) - Financial Instruments: Recognition and Measurement	The revised standard is based on IAS 39 - Financial Instruments: Recognition and Measurement

These two standards will have a significant impact on almost all organizations. While comparative information is not required, the impact will need to be assessed on the date of adoption (1 January 2009). Given the potential implications of these standards, we recommend you commence addressing the measurement issues now.

Standards to be revised in 2008

The Indonesian Accounting Standards Board ("DSAK-IAI") has launched several projects to revise the following standards in the **first semester of 2008**. These revised standards are likely to become effective in 2009. They include:

Standards	Main source of the PSAK
PSAK 8 - Events after the Balance Sheet Date	IAS 10 - Events after the Balance Sheet Date
PSAK 14 - Inventories	IAS 2 - Inventories
PSAK 26 - Borrowing Costs	IAS 23 - Borrowing Costs
PSAK 58 - Discontinuing Operations	IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations

Other standards expected to be revised later in 2008 include:

Standards	Comment
PSAK 1 - Presentation of Financial Statements	IAS 1 - Presentation of Financial Statements
PSAK 4 - Consolidated Financial Statements	IAS 27 - Consolidated and Separate Financial Statements
PSAK 5 - Segment Reporting	IFRS 8 - Operating Segments
PSAK 15 - Accounting for Investments in Associates	IAS 28 - Investments in Associates
PSAK 33 - Accounting for General Mining	IFRS 6 - Exploration for and Evaluation of Mineral Resources
PSAK 25 - Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies	IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
PSAK 28 - Accounting for Loss Insurance	IFRS 4 - Insurance Contracts
PSAK 53 - Accounting for Share-Based Compensation	IFRS 2 - Share-Based Payment
PSAK (not yet numbered)	IFRS 7 - Financial Instruments: Disclosures

Shari'a-based standards started to be promulgated in 2008 are those relating to: *Zakat*, *Ijarah*, and *Hawalah* transactions.

Please note that the lists above represent a tentative plan that might be subject to changes later on.

Should you have any concern or question regarding matters in this NewsFlash, please contact your engagement partner or Dudi Kurniawan of PricewaterhouseCoopers' Technical Committee by phone at 62 21 521 2901 or email: dudi.m.kurniawan@id.pwc.com.

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