

Assurance NewsFlash

2010 Financial Reporting Note: Current Status of Indonesian Accounting Standards and Adoption of IFRS



To meet the tight International Financial Reporting Standards (“IFRS”) full-adoption timetable by 2012, the Indonesian Accounting Standards Board (“the Board”) has stepped up its effort to adopt the IFRSs over the last few months. As a result, toward the end of 2009, DSAK has approved 19 new accounting standards, interpretations and withdrawal of certain accounting standards. All of these new standards and interpretations are based on International Accounting Standards or International Financial Reporting Standards (“IAS/IFRS”) with little or no modification.

The new standards and interpretations will be applicable for financial statements with periods beginning on or after 1 January 2011. However the withdrawal of certain standards will be effective as of 1 January 2010.

The following represents a recap of the current status of various Indonesian accounting standards and interpretations.

Standards effective 1 January 2010

- PSAK 26 Revised 2008 (“R 2008”) – Borrowing Costs
- PSAK 50 (R 2006) - Financial Instruments: Presentation and Disclosures
- PSAK 55 (R 2006) - Financial Instruments: Recognition and Measurement

Withdrawal of several standards and interpretations - effective 1 January 2010

- **PPSAK 1:** Withdrawal of PSAK 32: Accounting for Forestry, PSAK 35: Accounting for Revenue from Telecommunication Services and PSAK 37: Accounting for Tollroads.
- **PPSAK 2 :** Withdrawal of PSAK 41 Accounting for Warrants and PSAK 43 Accounting for Factoring
- **PPSAK 3:** Withdrawal of PSAK 54 Accounting for Troubled Debt Restructuring
- **PPSAK 4:** Withdrawal of PSAK 31 Accounting for Banking, PSAK 42 Accounting for Securities Companies and PSAK 49 Accounting for Mutual Funds
- **PPSAK 5:** Withdrawal of ISAK 06 Embedded Derivative Instruments in Foreign Currency Contracts

New Standards effective 1 January 2011

Standards	Source
PSAK for Entities that are Not Publicly Accountable	IFRS for SMEs
PSAK 1 (R 2009) Presentation of Financial Statements	IAS 1
PSAK 2 (R 2009) Statement of Cash Flows	IAS 7
PSAK 4 (R 2009) Consolidated and Separate Financial Statements	IAS 27
PSAK 5 (R 2009) Operating Segments	IFRS 8
PSAK 12 (R 2009) Interests in Joint Ventures	IAS 31
PSAK 15 (R 2009) Investments in Associates	IAS 28
PSAK 25 (R 2009) Accounting Policies, Changes in Accounting Estimates and Errors	IAS 8
PSAK 48 (R 2009) Impairment of Assets	IAS 36
PSAK 57 (R 2009) Provisions, Contingent Liabilities and Contingent Assets	IAS 37
PSAK 58 (R 2009) Non-current Assets Held for Sale and Discontinued Operations	IFRS 5

New Interpretations effective 1 January 2011

Interpretations	Source
ISAK 7 (R 2009) Consolidation of Special Purpose Entities	SIC 12
ISAK 9 Changes in Existing Decommissioning, Restoration and Similar Liabilities	IFRIC 1
ISAK 10 Customer Loyalty Programs	IFRIC 13
ISAK 11 Distributions of Non-cash Assets to Owners	IFRIC 17
ISAK 12 Jointly Controlled Entities – Non-monetary Contributions by Venturers	SIC 13

Exposure Drafts ("ED"s) relating to standards and interpretations proposed to be applicable starting 1 January 2011

Exposure Drafts	Source
ED PSAK 7 (R 2009) Related Party Disclosures	IAS 24
ED PSAK 19 (R 2009) Intangible Assets	IAS 38
ED PSAK 23 (R 2009) Revenue	IAS 18
ED ISAK 14 Intangible Assets – Web Site Costs	SIC 32

Companies are strongly recommended to evaluate these standards and proposals in detail and anticipate any impact that might affect their bottom line and financial ratios. It is also important to bear in mind that implementation of some of the standards might require considerable preparation and could necessitate staff education and system changes, among other factors.

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This summary is not intended as professional advice. It is suggested to always consult with your usual PwC contact.

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