

Accounting Technical Alert

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PSAK 119: Reduced disclosures for eligible subsidiaries without public accountability

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What is the issue?

On 27 August 2025, DSAK-IAI issued PSAK 119, which refers to IFRS 19 Subsidiaries without Public Accountability: Disclosures. IFRS 19 was published by the IASB on May 2024. This standard is a voluntary accounting standard designed to reduce disclosure requirements stipulated in other PSAKs. It is intended for subsidiaries without public accountability where the parent entity prepares consolidated financial statements that are publicly available and comply with Indonesian Financial Accounting Standards (SAK), International Financial Reporting Standards (IFRS), or other IFRS Accounting Standards. These subsidiaries will continue to apply the recognition, measurement and presentation requirements in other IFRS Accounting Standards, but they can replace the disclosure requirements in those standards with reduced disclosure requirements.

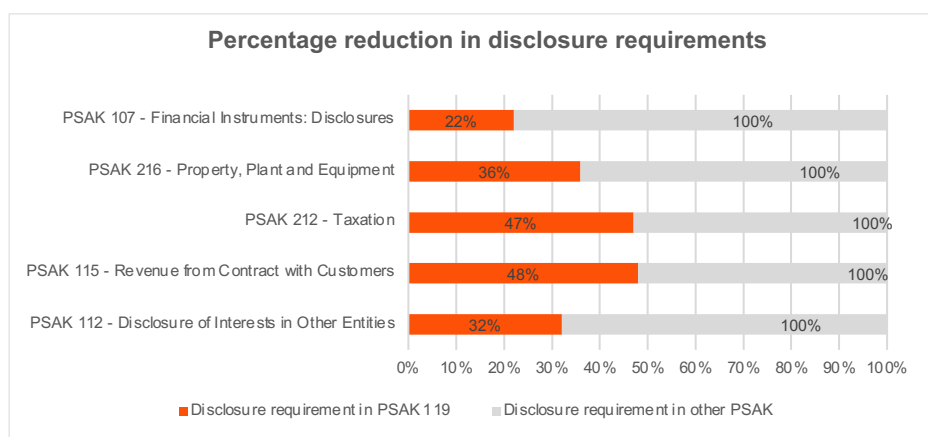
Who can benefit?

PSAK 119 applies to eligible subsidiaries that elect to adopt the standard in their consolidated, separate, or individual financial statements. Eligible subsidiaries are those that are not publicly accountable and whose ultimate or intermediate parent prepares consolidated financial statements available for public use that comply with PSAK.

An entity has public accountability if its equity or debt instruments are traded in a public market, if it is in the process of issuing such instruments for trading in a public market, or if it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses.

For groups that currently apply PSAK, PSAK 119 will likely bring both operational relief and cost savings when reporting at the subsidiary level. If the subsidiary did not previously apply PSAK, it can now keep only one set of accounting records for financial reporting purposes to meet the needs of both its parent company and the users of its financial statements, with reduced disclosure requirements. Subsidiaries that have already applied PSAK can now apply PSAK 119 to have relief from certain disclosure requirements.

All of the PSAKs are impacted by PSAK 119 in terms of reduced disclosure, except for PSAK 233 - Earnings per Share, PSAK 108 - Operating Segments, and PSAK 117 - Insurance Contract. Examples of how much the disclosure requirements can be reduced are seen below *):



*) Source: IFRS 19 – Effect Analysis. The reduction in disclosures will differ from subsidiary to subsidiary depending on their specific facts and circumstances.



Example of reduction in disclosures in the eligible subsidiaries' financial statements are as follows:

Accounting standard reference	Details
PSAK 115 - Revenue from Contracts with Customers	<p>Reduction in the following disclosures:</p> <ul style="list-style-type: none"> • Paragraph 103 B87 and 117 Explanation and judgement regarding timing of satisfaction of its performance obligation. • Paragraph 118 Explanation of the significant changes in the contract asset and the contract liability balances during the reporting period. • Paragraph 112 <ul style="list-style-type: none"> a. Information about methods, inputs and assumptions used for determining the transaction price, allocating the transaction price and measuring obligations for returns, refunds and other similar obligations; and b. Judgements in determining the amount of the costs incurred to obtain or fulfil a contract with a customer and method it uses to determine the amortisation for each reporting period.
PSAK 216 - Property, Plant and Equipment	<p>Reduction in the following disclosures:</p> <ul style="list-style-type: none"> • Paragraph 73(e)(viii) Reconciliation of the net exchange differences arising on the translation of the financial statements from the functional currency into a different presentation currency. • Paragraph 74 Amount of expenditures recognised in the carrying amount of an item of property, plant and equipment in the course of its construction. • Paragraph 74A <ul style="list-style-type: none"> a. Amount of compensation from third parties for items of property, plant and equipment that were impaired, lost or given up that is included in profit or loss; and b. Amount of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities. • Paragraph 75 Selection of the depreciation method and estimation of the useful life of asset. • Paragraph 79 <ul style="list-style-type: none"> a. Carrying amount of temporarily idle property, plant and equipment; b. Gross carrying amount of any fully depreciated property, plant and equipment that is still in use; c. Carrying amount of property, plant and equipment retired from active use and not classified as held for sale in accordance with PSAK 105; and d. The fair value of property, plant and equipment when cost model is used.

When does it apply?

Eligible entities can elect to apply the new standard for reporting periods beginning on or after 1 January 2027. Unless permitted or exempted, comparative information needs to be prepared under PSAK 119. Early application is also permitted.

What's next?

As PSAK 119 is a voluntary standard, companies should carefully evaluate the potential benefits against the initial transition cost prior to deciding whether to adopt the standard. Key factors to consider include, but are not limited to:

- the current accounting requirements applied in preparing financial statements of eligible subsidiaries;
- set-up of the existing reporting systems and processes within the group;
- the number of subsidiaries within the group opting to apply PSAK 119;
- the size and complexity of the subsidiaries' operations; and
- relevant law and regulatory requirements.

The anticipated benefits of transitioning to PSAK 119 primarily involve reduced disclosure obligations in the financial statements of eligible subsidiaries. This reduction can potentially lead to significant savings in time, costs, and effort associated with the preparation and audit of those financial statements.



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