



ATTACHMENT VI

GOVERNMENT REGULATION OF THE REPUBLIC OF INDONESIA
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**GOVERNMENT ACCOUNTING STANDARDS
STATEMENT NO.04**

**NOTES TO THE FINANCIAL
STATEMENTS**



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TABLE OF CONTENTS

	Paragraph
PREFACE -----	1-5
Objective -----	1
Scope -----	2-5
DEFINITIONS -----	6
GENERAL PROVISIONS -----	7-10
STRUCTURE AND CONTENTS -----	11-65
THE PRESENTATION OF INFORMATION ON FISCAL/ FINANCIAL POLICY, MACROECONOMICS, ACHIEVEMENT OF TARGET OF THE REVENUE AND EXPENDITURE BUDGET FOR CENTRAL GOVERNMENT (APBN)/REVENUE AND THE EXPENDITURE BUDGET FOR LOCAL GOVERNMENT (APBD), ALONG WITH THE OBSTACLES AND BARRIERS ENCOUNTERED IN ACHIEVING THE TARGET -----	16-24
THE PRESENTATION OF SUMMARY OF THE ACHIEVEMENT OF FINANCIAL PERFORMANCE DURING THE REPORTING YEAR-----	25-33
THE BASIS OF THE PRESENTATION OF THE FINANCIAL STATEMENTS AND THE DISCLOSURE OF FINANCIAL ACCOUNTING POLICIES -----	34-54
ACCOUNTING BASIC ASSUMPTIONS-----	35-39
USERS OF THE FINANCIAL STATEMENTS-----	40-42
ACCOUNTING POLICY -----	43-44
CONTENTS OF ACCOUNTING POLICY -----	45-54
THE DISCLOSURE OF INFORMATION REQUIRED BY THE GOVERNMENT ACCOUNTING STANDARDS WHICH HAS NOT YET BEEN PRESENTED ON THE FACE OF THE FINANCIAL STATEMENTS -----	55-57
INFORMATION DISCLOSURE OF THE RESPECTIVE ASSETS AND LIABILITIES ACCOUNTS DUE TO THE APPLICATION OF ACCRUAL BASIS ON REVENUES AND EXPENDITURES AND THE RECONCILIATION THEREOF WITH CASH BASIS APPLICATION -----	58-61
OTHER DISCLOSURES -----	62-65
STRUCTURE -----	66
EFFECTIVE DATE -----	67



1 **GOVERNMENT ACCOUNTING STANDARDS**
2 **STATEMENT NO.04**

3 **NOTES TO THE FINANCIAL STATEMENTS**

4 *The standards, which have been set in bold italic type, should be read in*
5 *the context of the commentary paragraphs in this Standard, which are in*
6 *plain type, and in the context of the Conceptual Framework of the*
7 *Government Accounting.*

8 **PREFACE**

9 **Objective**

10 1. The objective of this Standard is to prescribe the presentation
11 and disclosure required on the Notes to the Financial Statements.

12 **Scope**

13 2. *This Standard is applied to:*

14 (a) *The general purpose financial statements as prepared by the*
15 *reporting entity;*

16 (b) *Financial statements that are expected to become the general*
17 *purpose financial statements as prepared by non-reporting entity.*

18 3. General purpose financial statements are statements intended
19 to fulfill the needs of users on financial accounting information. The users are
20 the public, legislative bodies, supervisory institutions, auditors, parties
21 providing or having a role in the process of donations, investments and loans,
22 and the government. The financial statements include the financial
23 statements that are separately presented or constitute a part of the financial
24 statements that are presented in other public documents such as an annual
25 report.

26 4. This Standard applies to the reporting entity in preparing the
27 financial statements of the central government, local governments, and the
28 consolidated financial statements excluding central/local government
29 business enterprises.

30 5. An entity which is not a reporting entity may present general
31 purpose financial statements. In that case, the entity must apply this
32 Standard, although it does not fall in that criteria according to the regulation
33 and/or accounting standard which regulate the governmental reporting entity.

34 **DEFINITIONS**

35 6. *The followings are terms used in this Standard with the*
36 *meanings specified:*



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REPUBLIK INDONESIA

1 **Accounting Policies** are the specific principles, bases, conventions,
2 rules, and practices adopted by a reporting entity in preparing and
3 presenting financial statements.

4 **Accrual Basis** means a basis of accounting under which transactions
5 and other events are recognized when they occur, and not only when
6 cash or its equivalent is received or paid.

7 **Assets** are economic resources controlled and/or owned by the
8 government as a result of past events and from which economic and/or
9 social benefits in the future are expected to be obtained, either by the
10 government or by the public, and can be measured in monetary units,
11 including the non-financial resources which are needed to provide
12 services to the public and resources that are maintained for historical
13 and cultural reasons.

14 **Budget** is a guideline for government actions comprising plan of
15 revenues, expenditures, transfers, and financing that are measured in
16 Rupiah, which is systematically prepared according to certain
17 classifications for one period.

18 **Cash Basis** means a basis of accounting under which transactions and
19 other events are recognized when cash or its equivalent is received or
20 paid.

21 **Equity** is the net assets of the government which is the difference
22 between government assets and liabilities.

23 **Expenditures** are all disbursements from the Central/Local Government
24 Cash Account that reduce the current equity in the related budget year
25 period for which repayment will not be received by the government.

26 **Financing** is any receipt that needs to be repaid and/or disbursements
27 that shall be re-received, either during the budget year or the
28 subsequent budget years, which in government budgeting is mainly
29 intended to cover deficits or to make use of budget surplus.

30 **Liabilities** are present obligations that arise from past events, the
31 settlement of which is expected to result in an outflow of government
32 economic resources.

33 **Materiality** is a condition in which information omission or misstatement
34 could influence the decisions or assessments of users made on the
35 basis of the financial statements. Materiality depends on the nature or
36 size of the item or error judged in the particular circumstances of
37 omission or misstatement.

38 **Reporting Entity** is a government unit consisting of one or more
39 accounting entities which according to the statutory regulations is
40 obliged to prepare and submit accountability reports in the form of
41 financial statements.

42 **Revenues** are all receipts of the Central/Local General Government
43 Cash which add the current equity in the related budget year period that
44 become the right of the government and with no repayment obligation
45 by the government.



1 ***Revenue and Expenditure Budget for Local Government (APBD) is an***
2 ***annual financial plan that has been approved by the Local House of***
3 ***Representatives (DPRD).***

4 ***Revenue and Expenditure Budget for Central Government (APBN) is an***
5 ***annual financial plan that has been approved by the Central House of***
6 ***Representatives (DPR).***

7 **GENERAL PROVISIONS**

8 ***7. Each reporting entity must present Notes to the Financial***
9 ***Statements as an inseparable part of the general purpose financial***
10 ***statements.***

11 8. Notes to the Financial Statements are intended that readers in
12 general can understand the financial statements, not only limited to certain
13 readers or the management of the reporting entity. Therefore, the financial
14 statements may contain information that is potentially misunderstood by the
15 readers. To avoid such misunderstanding, the Notes to the Financial
16 Statements should be made in such a way as to contain information that the
17 readers can easily understand the financial statements.

18 9. The misunderstanding may be due to the perception of the
19 readers about the financial statements. Readers that are oriented to the
20 budgetary concept may potentially misunderstand the accrual accounting
21 concept. Readers that are accustomed to the commercial sector financial
22 statements tend to view the government financial statements as those of a
23 corporation. In this case, general provisions and a reference to the accounts
24 of the financial statements are important for the readers of the financial
25 statements.

26 10. Additionally, the disclosure of the accounting basis and the
27 applied accounting policy will assist the readers to avoid any
28 misunderstanding in reading the financial statements.

29 **STRUCTURE AND CONTENTS**

30 ***11. Notes to the Financial Statements must be presented***
31 ***systematically. Each account in the Statement of Budget Realization,***
32 ***the Statement of Financial Position, and the Statement of Cash Flow***
33 ***must have a cross-reference to the relevant information in the Notes to***
34 ***the Financial Statements.***

35 12. Notes to the Financial Statements contain the explanation or
36 the detailed list or the analysis on the value of an account which is presented
37 in the Statement of Budget Realization, the Statement of Financial Position,
38 and the Statement of Cash Flow. Also contained in the Notes to the Financial
39 Statements is the presentation of information which is obligatory and is
40 suggested by the Government Accounting Standards as well as other



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REPUBLIK INDONESIA

1 disclosures which are required for fair presentation of the financial
2 statements, such as contingent liabilities and other commitments.

3 **13. Notes to the Financial Statements present information on**
4 **the explanation of the accounts of the financial statements for the**
5 **purpose of sufficient disclosures, among others:**

- 6 (a) **The policy on fiscal/finances, macroeconomics, the achievement of**
7 **target of the Revenue and Expenditure Budget for Central**
8 **Government (APBN)/Revenue and the Expenditure Budget for Local**
9 **Government (APBD), along with the obstacles and barriers**
10 **encountered in achieving the target;**
11 (b) **The summary of the achievement of the financial performance**
12 **during the reporting year;**
13 (c) **The basis for preparing the financial statements and the selected**
14 **accounting policies to be applied to the transactions and other**
15 **important events;**
16 (d) **The disclosure of information as prescribed by the Government**
17 **Accounting Standards which is not presented on the face of the**
18 **financial statements;**
19 (e) **The disclosure of information on assets and liabilities accounts in**
20 **connection with the application of accrual basis on revenues and**
21 **expenditures and the reconciliation thereof with the application of**
22 **cash basis;**
23 (f) **The additional information required for a fair presentation, which is**
24 **not presented on the face of the financial statements.**

25 14. The disclosure of each account in the financial statements will
26 be in line with the prevailing standard which prescribes the disclosure for the
27 relevant account. For example, the Government Accounting Standard on
28 Accounting for Inventories requires the disclosure of accounting policy applied
29 in measuring the inventories.

30 15. To make it easier for the readers of the report, disclosure on
31 the Notes to the Financial Statements may be presented by way of narration,
32 charts, graphics, lists and schedules or other appropriate forms which briefly
33 and comprehensively summarize the financial condition and position of the
34 reporting entity.



1 **The Presentation of Information on Fiscal/Financial**
2 **Policy, Macroeconomics, Achievement of Target of the**
3 **Revenue and Expenditure Budget for Central**
4 **Government (APBN)/Revenue and the Expenditure**
5 **Budget for Local Government (APBD), along with the**
6 **Obstacles and Barriers Encountered in Achieving the**
7 **Target**

8 ***16. The Notes to the Financial Statements should assist its***
9 ***readers to understand the cash condition and position of the reporting***
10 ***entity as a whole.***

11 17. To assist the readers of the financial statements, the Notes to
12 the Financial Statements must present information that answers the questions
13 such as how financial/fiscal position and condition of the reporting entity are
14 developed, and how such are achieved.

15 18. In order to answer the above questions, the reporting entity, in
16 connection with the realization of the budget, should present information on
17 the important differences of the position and condition of financial/fiscal of the
18 ongoing period against the preceding period, against the budget, and against
19 other plans. Included in the explanation are the differences of the
20 macroeconomics assumptions used in the formulation of the budget
21 compared to the realization thereof.

22 19. Fiscal policies which must be disclosed in the Notes to the
23 Financial Statements are government policies in increasing revenues, in
24 driving the efficiency of expenditures, and in determining the sources or in
25 utilizing the financing, for example, the elaboration of the strategic plan in the
26 formulation policy of APBN/APBD, targets, programs and priorities of budget,
27 tax intensification/extensification policies, market development of Government
28 Bond (SUN).

29 20. The macroeconomics condition that needs to be disclosed in
30 the Notes to the Financial Statement is the assumptions of macroeconomics
31 indicators which are used in the formulation of the Central/Local Government
32 Budget (APBN/APBD) including the level of their achievement thereof. The
33 macroeconomics indicators, among others, are the Gross Domestic
34 Product/Gross Regional Domestic Product, the economic growth, the inflation
35 rate, the exchange rate, the oil price, the interest rate, and the balance of
36 payment.

37 ***21. Notes to the Financial Statements must explain the***
38 ***significant budget changes during the current period compared to the***
39 ***initial budget approved by the House of Representatives (DPR)/Local***
40 ***House of Representatives (DPRD), the existing obstacles and barriers in***
41 ***achieving the pre-determined targets, as well as other matters the***



1 ***management of the reporting entity considers necessary to be***
2 ***understood by the readers of the financial statements.***

3 22. During an ongoing budget period, due to certain reasons and
4 conditions, the reporting entity may amend the budget with prior approval by
5 DPR/DPRD. In order that the readers are able to keep up with the condition
6 and development of the budget, an explanation on the existing changes, as
7 approved by the Central/Local House of Representative (DPR/DPRD),
8 compared to the original budget will assist the readers in understanding the
9 condition of the budget and the financial condition of the reporting entity.

10 23. Under a certain condition the reporting entity is unable to meet
11 the predetermined target, for example, the number of units of constructed
12 elementary school buildings. An explanation on the existing obstacles and
13 barriers, for example, the lack of available areas, needs to be described in the
14 Notes to the Financial Statements.

15 24. To assist the readers of the financial statements, the
16 management of the reporting entity may consider it is necessary to provide
17 other financial information considered important to be informed to the readers,
18 for example, the obligations requiring the availability of funds in the budget for
19 the next period.

20 **The Presentation of Summary of the Achievement of** 21 **Financial Performance during the Reporting Year**

22 ***25. The financial performance of the reporting entity in the***
23 ***Statement of Budget Realization must summarize the indicators and the***
24 ***achievements of the operational activities performance in term of***
25 ***financial dimension in a certain reporting period.***

26 26. The needs of the users of the government financial statements
27 differ from those of the non-government users. The needs of government
28 financial statement users do not only view the reporting entity from the
29 perspective of the net assets changes, but further, the government financial
30 statement users are very interested in the government performance
31 compared to the predetermined targets.

32 27. The achievement of the predetermined financial performance
33 is objectively explained in the Notes to the Financial Statements. The
34 performance achievement can be learnt from the level of efficiency and
35 effectiveness of a program. Efficiency can be measured by comparing the
36 output against input. Whereas, effectiveness can be measured by comparing
37 the result outcome against the predetermined target.

38 ***28. The explanation on the financial performance needs to be***
39 ***linked to the objectives and purposes of the government strategic plan***
40 ***and indicators according to the prevailing statutory regulations. The***
41 ***summary on the financial performance in the Notes to the Financial***
42 ***Statements should:***



- 1 (a) *Describe the strategy and resources utilized in achieving the*
2 *objectives;*
3 (b) *Provide a clear description on the realization and the financial*
4 *performance plan in a reporting entity; and*
5 (c) *Describe the procedures formulated and executed by the*
6 *management in order to be able to provide reasonable assurance*
7 *that the financial performance information reported is relevant and*
8 *reliable.*
9 **29. The explanation on the financial performance should:**
10 (a) *Include both positive and negative results;*
11 (b) *Present relevant historical data;*
12 (c) *Compare the results achieved with the predetermined objectives*
13 *and plans;*
14 (d) *Present other explanatory information which, in the management*
15 *opinion, is believed necessary for the readers of the financial*
16 *statements to understand the indicators, results, and existing*
17 *differences against the objectives or plans.*

18 30. In order to further increase the use of information, a reporting
19 entity must also include the explanation on what needs to be undertaken and
20 the plan to increase the performance of the program.

21 31. The limitation and important difficulties in connection with the
22 measurement and reporting of financial performance must be disclosed
23 according to the relative relevance of the performance indicators as described
24 in the Notes to the Financial Statements. The relevant limitation will vary from
25 one program to another, however, usually the factors discussed should
26 include, among others that:

- 27 (a) The performance is usually unable to be disclosed as a whole only by
28 using one indicator;
29 (b) Performance indicators do not show any reason why the performance is
30 at the reported level; and
31 (c) Exclusive observation of the quantitative indicators often results in
32 unwanted consequences.

33 32. Therefore, performance indicators must be completed with the
34 appropriate explanatory information. This explanatory information will assist
35 the users to understand the reported indicators, obtain the description on the
36 financial performance of the reporting entity, and evaluate the importance of
37 the underlying factors which may affect the reported financial performance.

38 33. The explanatory information may include, for example, the
39 information on the substantial factors which are beyond the control of the
40 concerned entity, and information on the factors which cause the entity having
41 important influence.



1 The Basis of the Presentation of the Financial 2 Statements and the Disclosure of Financial Accounting 3 Policies

4 ***34. In presenting the Notes to the Financial Statements, the***
5 ***reporting entity must disclose the basis for the presentation of the***
6 ***financial statements and the accounting policy.***

7 Accounting Basic Assumptions

8 ***35. Certain basic assumptions or certain basic concepts of***
9 ***accounting which become the basis for the formulation of the financial***
10 ***statements, are normally not specifically disclosed. The disclosure will***
11 ***be required if the entity does not comply with such assumptions or***
12 ***concepts, and it should be accompanied with reasons and explanations.***

13 36. In line with the Conceptual Framework of Government
14 Accounting, basic assumptions in financial statements in the government
15 environment are premises which are accepted as truth without having to be
16 proven in order that the accounting standards can be applied, which consist
17 of:

- 18 (a) Independency of the entity;
- 19 (b) Going Concern of the entity; and
- 20 (c) Monetary measurement.

21 37. The independency of the entity means that each unit of the
22 organization is considered as an independent unit and has the obligation to
23 present financial statements so that there will be no disorder among the
24 government institution units in reporting their financial activities. One of the
25 indicators on the compliance of this assumption is the entity's authority to
26 formulate its budget and to execute it with full responsibility. The entity is
27 responsible for the management of assets and other resources beyond the
28 Statement of Financial Position for the interest of its responsibility jurisdiction,
29 including for the loss or damage of the assets and resources, for the
30 receivable and payable due to the entity's decision making, and the degree of
31 completion of the predetermined program.

32 38. The financial statements are prepared with the assumption that
33 the existence of the reporting entity will be sustained (going concern).
34 Therefore, it is assumed that the government does not intend to liquidate the
35 reporting entity in the near future.

36 39. The financial statements of the reporting entity must present
37 each activity which is assumed monetarily measurable. This is necessary so
38 that some analysis and measurement in accounting can be performed.



1 **Users of the Financial Statements**

2 40. The financial statements provide information for different users,
3 such as members of the legislature, creditors and employees. Other
4 important users are the suppliers, customers, trade organizations, financial
5 analysts, prospective investors, underwriters, statisticians, economists, and
6 the regulatory authorities.

7 41. In conjunction with paragraph 34 above, the users of the
8 financial statements should be informed about the selected accounting policy,
9 as a part of the information required to make some assessment, financial
10 decision, and other needs. They cannot make any reliable assessment if the
11 financial statements do not clearly disclose the important selected accounting
12 policy in the preparation of the financial statements.

13 42. The disclosure of the accounting policy in the financial
14 statements is intended so that the financial statements are understandable.
15 The disclosure of such policy constitutes an inseparable part of the financial
16 statements which is very helpful to the users of the financial statements, since
17 some inappropriate or incorrect treatments on the components of the
18 Statement of Budget Realization, Statement of Financial Position, Statement
19 of Cash Flow, or other statements are biased from the selected accounting
20 policy.

21 **Accounting Policy**

22 **43. The consideration and/or selection of an accounting**
23 **policy should be adjusted to the condition of the reporting entity. The**
24 **correct targeted and selected policy will depict accurately the economic**
25 **reality of the reporting entity either in its financial or activity condition.**

26 44. There are three considerations for the management selection
27 of the most accurate accounting policy and the preparation of the financial
28 statements:

29 (a) Sound Judgment

30 Many transactions are subject to uncertainty. Such condition should be
31 acknowledged in the preparation of financial statements. The due care
32 attitude does not justify the creation of secret or hidden reserves.

33 (b) Substance over Form

34 Transactions and other events should be accounted for and presented in
35 accordance with the nature of the transactions and the reality of the
36 circumstance, and should not only refer to the legal form of the
37 transaction or event.

38 (c) Materiality

39 The financial statements should sufficiently disclose all material
40 components that influence the evaluations or decisions.

41



1 **Contents of Accounting Policy**

2 **45. The disclosure of accounting policy must identify and**
3 **explain the accounting principles used by the reporting entity and the**
4 **methods of application thereof, which materially affect the presentation**
5 **of the Statement of Budget Realization, Statement of Financial Position,**
6 **and Statement of Cash Flow. Such disclosure should also cover**
7 **important considerations in the selection of the appropriate principles.**

8 **46. Generally, the accounting policy in the Notes to the**
9 **Financial Statements explains the following matters:**

- 10 **(a) Reporting entity;**
11 **(b) Accounting basis which underlies the preparation of the financial**
12 **statements;**
13 **(c) Measurement basis which is used in the preparation of the financial**
14 **statements;**
15 **(d) The extent the reporting entity implement the relevant accounting**
16 **policies in connection with the provisions of the Government**
17 **Accounting Standards during transitional period;**
18 **(e) Each respective accounting policy which is required to understand**
19 **the financial statements.**

20 47. The reporting entity disclosure about the general purpose
21 financial statements will be very helpful to the readers of the statements to
22 understand the financial information presented in the financial statements.
23 The readers of such statements will have certain framework in analyzing the
24 existing information. The lack of information about the reporting entity and the
25 components thereof will potentially create the readers misunderstanding in
26 identifying the existing problems.

27 **48. Although the Conceptual Framework of Government**
28 **Accounting suggests the use of a certain accounting basis in preparing**
29 **the government financial statements, there must be some disclosure**
30 **statement in the Notes to the Financial Statements on the use of an**
31 **accounting basis which underlies the government's financial**
32 **statements. Such statement also includes its conformity with the**
33 **Conceptual Framework of Government Accounting. This will facilitate**
34 **the readers to understand the report without having to look back the**
35 **accounting basis as provided for in the Conceptual Framework of**
36 **Government Accounting.**

37 49. The users of the financial statements need to know the basis of
38 measurement used in the presentation of the financial statements. If there are
39 more than one basis of measurement used in the preparation of the financial
40 statements, then the information presented should be adequate to indicate
41 which assets and liabilities use such measurement basis.

42 50. In determining whether or not it is necessary to disclose an
43 accounting policy, the management should consider the benefit of such



1 disclosure in assisting the users to understand each transaction reflected in
2 the financial statements. The consideration in paragraph 44 may serve as a
3 guideline in considering the accounting policies that need to be disclosed.
4 The accounting policies that have to be presented in the Notes to the
5 Financial Statements include, but not limited to, the followings:

- 6 (a) Recognition of revenues;
- 7 (b) Recognition of expenditures;
- 8 (c) Principles on the preparation of a consolidated statement;
- 9 (d) Investment;
- 10 (e) Recognition and disposal/write off of tangible and intangible assets;
- 11 (f) Construction contracts;
- 12 (g) Capitalization policy on expenditure;
- 13 (h) Partnership with third parties;
- 14 (i) Research and development expenses;
- 15 (j) Inventories, whether for sale or for self-consumed;
- 16 (k) Establishment of reserved funds;
- 17 (l) Establishment of employee welfare funds;
- 18 (m) Description of foreign currency and hedging.

19 51. Each entity needs to consider the types of activities and
20 policies that need to be disclosed in the Notes to the Financial Statements, for
21 example, the disclosure of information on the recognition of tax revenues,
22 retributions and other types of obligatory contributions, the translation on
23 foreign currency and the accounting treatment on the difference in exchange
24 rates.

25 **52. An accounting policy may become significant although**
26 **the value of the presented accounts in the current period and that of the**
27 **preceding period is immaterial. Besides, disclosure also needs to be**
28 **made on the selected and applied accounting policy which is not**
29 **stipulated in this Standard.**

30 53. The financial statements should reflect the relation of the
31 figures to the preceding period. If there are changes in accounting policy
32 which have material impact, the policy changes and the impact of the
33 changes need to be disclosed quantitatively.

34 **54. The changes in accounting policy which have no material**
35 **impact in the year of changes need also be disclosed if such changes**
36 **have material impact in future years.**

37 **The Disclosure of Information Required by the** 38 **Government Accounting Standards Which is Not** 39 **Presented on the Face of the Financial Statements**

40 **55. Notes to the Financial Statements must present the**
41 **information required and suggested by the Government Accounting**
42 **Standards as well as other disclosures deemed necessary for the fair**



1 ***presentation of the financial statements, such as the contingent***
2 ***liabilities and other commitments. Information disclosure in the Notes to***
3 ***the Financial Statements must provide other information not presented***
4 ***in any other part of the financial statements.***

5 56. Due the limited assumptions and methods of measurement
6 used, several transactions on circumstances believed to have important
7 impacts on the reporting entities cannot be presented on the face of the
8 financial statements, such as the contingent liabilities. In order to provide a
9 more comprehensive picture, the readers of the report need to be reminded of
10 the possibility of the occurrence of an event which may affect the financial
11 condition of the reporting entities in the subsequent period.

12 57. Information disclosure in the Notes to the Financial Statements
13 must present information that does not contain repetitive details (for example
14 the details of the inventories, details of fixed assets, or details of
15 expenditures) as has been presented on the face of the financial statements.
16 In several cases, the disclosure of the accounting policy, in order to increase
17 the readers comprehension, must refer to the details presented in other
18 sections of the financial statements.

19 **Information Disclosure of the Respective Assets and** 20 **Liabilities Accounts Due to the Application of Accrual** 21 **Basis on Revenues and Expenditures and the** 22 **Reconciliation thereof with Cash Basis Application**

23 ***58. Reporting entity that prepares the accrual-based financial***
24 ***statements on revenues and expenditures must disclose the respective***
25 ***assets and liabilities accounts arising from the application of accrual***
26 ***basis and present the reconciliation thereof with the application of cash***
27 ***basis.***

28 59. The Conceptual Framework of Government Accounting in
29 paragraphs 26 and 76 allows the reporting entity to prepare its financial
30 statements under an accrual basis for revenues and expenditures. This
31 reporting entity must provide for the additional detailed information on the
32 output of the entity and the outcome in the form of financial performance
33 indicators, the Statement of Financial Performance, program evaluation and
34 other statements concerning the achievement of financial performance of the
35 entity during the reporting period. This is intended that the readers of the
36 report are able to understand the assets and liabilities accounts arising due to
37 the application of accrual basis on the revenues and expenditures accounts,
38 such as revenues received in advance, expenses paid in advance, and
39 depreciation expenses. Such assets and liabilities accounts arise due to the
40 application of accrual basis to the revenues and expenditures accounts.

41 60. The objective of the reconciliation is to present the connection
42 between the Statement of Financial Performance and the Statement of



1 Budget Realization. The reconciliation begins with the increase/decrease of
2 equity derived from the Statement of Financial Performance prepared under
3 accrual basis. Such amount will then be adjusted with the transaction of the
4 increase and decrease of net assets due to the use of accrual basis which
5 then results in the same amount as presented at the end of the Statement of
6 Budget Realization.

7 61. To make it easier for the users, the reconciliation list and the
8 explanation on the existing conditions in paragraphs 59 and 60 must be
9 presented as part of the Notes to the Financial Statements.

10 Other Disclosures

11 **62. Notes to the Financial Statements must also disclose the**
12 **information which, if not disclosed, could mislead the readers**
13 **comprehension of the report.**

14 63. A reporting entity discloses the followings, if they are not yet
15 disclosed in any other section of the financial statements, namely:

- 16 (a) the domicile and the legal charter of the entity as well as the jurisdiction
17 where such entity is located;
18 (b) the explanation on the nature of the operations of the entity and the core
19 activities;
20 (c) the provisions of the statutory regulations which become the basis for
21 the operational activities.

22 64. Notes to the Financial Statements must disclose important
23 events during the reporting period, such as:

- 24 (a) the replacement of government management during the current year;
25 (b) the errors of the preceding management which have been corrected by
26 the new management;
27 (c) the commitments or contingencies that cannot be presented in the
28 Statement of Financial Position;
29 (d) the merger or expansion of the entity during the current year; and
30 (e) Events having social impacts, such as strikes that the government has to
31 overcome.

32 65. Disclosures which are obliged in each standard apply as
33 complements to this Standard.

34 STRUCTURE

35 66. In order that the readers are able to understand and compare
36 the financial statements of a certain reporting entity to that of other entities,
37 then the Notes to the Financial Statements are usually presented under the
38 following structure:



- 1 (a) Fiscal/financial Policy, macroeconomics, the achievement of the targets
2 of Revenue and Expenditure Budget for Central/Local Government
3 (APBN/APBD);
4 (b) summary of financial performance achievement;
5 (c) important accounting policies:
6 i. reporting entity;
7 ii. the accounting basis underlying the preparation of the financial
8 statements;
9 iii. measurement basis used in the preparation of the financial
10 statements;
11 iv. the conformity of the accounting policies applied by the reporting
12 entity with the prescribed Government Accounting Standards;
13 v. each specific accounting policy required for understanding the
14 financial statements.
15 (d) Explanation of the accounts of the financial statements:
16 i. details and explanation of each account of the financial statements;
17 ii. disclosure of information prescribed by the Government Accounting
18 Standards which has not been presented on the face of the
19 financial statements.
20 (e) For the reporting entities that use accrual basis, the disclosure of assets
21 and liabilities accounts arising in connection with the application of
22 accrual basis on the revenues and expenditures and the reconciliation
23 thereof with the application of cash basis;
24 (f) Other additional information as needed, such as the general description
25 of the local entity.

26 **EFFECTIVE DATE**

27 ***67. This Government Accounting Standard becomes effective***
28 ***for the financial statements covering periods beginning with budget***
29 ***year of 2005.***

THE PRESIDENT OF THE REPUBLIC OF INDONESIA

(Signed)

Dr. H. SUSILO BAMBANG YUDHOYONO

The similar copy to the original

THE STATE SECRETARIAT OF THE RI

Head of Administration Bureau,

(Signed)

Sugiri, S.H.