



ATTACHMENT XIII
GOVERNMENT REGULATION OF THE REPUBLIC OF INDONESIA
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**GOVERNMENT ACCOUNTING STANDARDS
STATEMENT NO.11**

**CONSOLIDATED FINANCIAL
STATEMENTS**



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1 **GOVERNMENT ACCOUNTING STANDARDS**
2 **STATEMENT NO.11**
3 **CONSOLIDATED 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
11 preparation of the consolidated financial statements of the government
12 units for presenting general purpose financial statements in order to
13 improve their quality and completeness. In this Standard, the general
14 purpose financial statements are financial with the objective to fulfill the
15 needs of the majority of the financial statements users, including
16 Central/Local House of Representative (DPR/DPRD) as are determined
17 in the prevailing statutory regulations.

18 **Scope**

19 2. *The general purpose financial statements of*
20 *government units which are determined as reporting entities are*
21 *presented in Consolidated Financial Statements in order to reflect*
22 *one unity of entity according to this Standard.*

23 3. *Consolidated Financial Statements of the central*
24 *government as a reporting entity comprise financial statements of*
25 *all accounting entities, including those of Public Service Body*
26 *(BLU).*

27 4. This Standard does not prescribe:

- 28 (a) Consolidated financial statements of Central/Local Government
29 Business Enterprises (BUMN/BUMD).
30 (b) Accounting for investments in associated companies;
31 (c) Accounting for investments in joint ventures; and
32 (d) Combined Statistical Reports of the central and local
33 governments.



1 **DEFINITIONS**

2 **5. The followings are terms used in the Standard with**
3 **the meaning specified:**

4 **Accounting Entity is a government unit endowed to certain budget or**
5 **goods and therefore is to prepare financial statements to be compiled**
6 **into those of the reporting entity.**

7 **Consolidation refers to a process of compiling accounts carried out by**
8 **a reporting entity with other reporting entities, by eliminating reciprocal**
9 **accounts in order to be presented as one consolidated reporting entity.**

10 **Consolidated Financial Statements are financial statements that are**
11 **combinations of all financial statements of reporting entities to**
12 **represent one single entity.**

13 **Public Service Body (BLU) are government agencies, which are**
14 **established to provide services to the public by supplying goods and/or**
15 **services, which are sold without profit motive and, in conducting their**
16 **activities are based on the principles of efficiency and productivity.**

17 **Reporting Entity is a government unit consisting of one or more**
18 **accounting entities which according to the statutory regulations is**
19 **obliged to prepare and submit accountability reports in the form of**
20 **financial statements.**

21 **PRESENTATION OF CONSOLIDATED** 22 **FINANCIAL STATEMENTS**

23 **6. Consolidated Financial Statements consist of the**
24 **Statement of Budget Realization, the Statement of Financial Position,**
25 **and Notes to the Financial Statements.**

26 **7. Consolidated Financial Statements are presented for the**
27 **same reporting period to that of the reporting entity and include**
28 **comparative amounts from the prior period.**

29 8. The central government submits the consolidated financial
30 statements from all line ministries/institutions to the House of Representative
31 (DPR).

32 **9. In this Standard, the process of consolidation is followed**
33 **by eliminating reciprocal accounts. Nevertheless, if such elimination is**
34 **still not viable, then such case should be disclosed in the Notes to the**
35 **Financial Statements.**



1 10. An example of reciprocal accounts among other is cash
2 advances (UYHD), which has not yet been accounted for by the Disbursing
3 Treasurer up to the end of accounting period.

4 **REPORTING ENTITY**

5 11. A reporting entity is determined in the prevailing statutory
6 regulations, generally characterize as follows:

- 7 (a) Such entity is financed by the Revenue and Expenditure Budget for
8 Central/Local Government (APBN/APBD) or is furnished with separated
9 funds from the budget,
- 10 (b) Such entity is established by the prevailing statutory regulations,
- 11 (c) The management of such entity is assigned government officials or
12 appointed state officials or elected by the people, and
- 13 (d) Such entity should prepare accountability report either directly or
14 indirectly to the House of Representative which approve the budget.

15 **ACCOUNTING ENTITY**

16 **12. As an accounting entity, a government unit, which is**
17 **endowed to certain budget or goods, conducts accounting process and**
18 **submits financial statements to the reporting entity on the managed**
19 **budget/goods.**

20 13. Each government unit that receives budget or manages goods
21 is an accounting entity which is obliged to conduct accounting process, and to
22 prepare financial statements periodically according to government accounting
23 standards. Such financial statements are submitted internally and
24 hierarchically to the higher unit for the purpose of combining financial
25 statements by the reporting entity.

26 14. In principle, Central/Local Government Business Enterprises
27 (BUMN/BUMD) are accounting entities, however, their accounting treatment
28 and presentation of the financial statements do not follow government
29 accounting standards.

30 15. A certain accounting entity, which has significant influence in
31 the achievement of government programs, can be stipulated as a reporting
32 entity with a statutory regulation.

33 **PUBLIC SERVICES BODY (BLU)**

34 16. A Public Services Body (BLU) conducts public services,
35 collects, receives, and spends public funds which is received in relation to the
36 serviced it provides, but it does not constitute a legal entity such as



1 government business enterprises. Examples of BLUs among others are
2 hospitals, state universities, and authoritative agency (otorita).

3 **PROCEDURES OF CONSOLIDATION**

4 ***17. Consolidation as outlined in this Standard is conducted by***
5 ***combining and adding the accounts of a certain reporting entity with***
6 ***other reporting entities with or without eliminating reciprocal accounts.***

7 18. The reporting entity prepares financial statements by
8 combining the financial statements of all accounting entities which are
9 subsidiaries of the reporting entity.

10 19. Consolidation can be properly implemented by either
11 eliminating or not eliminating reciprocal accounts.

12 20. When consolidation is conducted without eliminating reciprocal
13 accounts, then the reciprocal accounts and estimated amounts of such
14 accounts are disclosed in the Notes to the Financial Statements.

15 ***21. The Financial Statements of the Public Services Body***
16 ***(BLU) are combined with those of the line ministries/institutions of***
17 ***central/local governments, which supervise the BLUs with the following***
18 ***provisions:***

19 ***(a) The Statement of Budget Realization of the BLU is compiled in***
20 ***gross to the Statement of Budget Realizations of the line***
21 ***ministries/ institutions of central/local governments, which***
22 ***supervise the BLUs.***

23 ***(b) The Statement of Financial Position of BLU is compiled with the***
24 ***Statement of Financial Positions of the line ministries/institutions***
25 ***of central/local governments, which supervise the BLUs.***

26 **EFFECTIVE DATE**

27 ***22. 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

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(Signed)

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