



ATTACHMENT III  
GOVERNMENT REGULATION OF THE REPUBLIC OF INDONESIA  
NUMBER 24 YEAR 2005  
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**GOVERNMENT ACCOUNTING STANDARDS  
STATEMENT NO.01**

**PRESENTATION OF  
FINANCIAL STATEMENTS**





1       **GOVERNMENT ACCOUNTING STANDARDS**  
2       **STATEMENT NO.01**  
3       **PRESENTATION            OF            FINANCIAL**  
4       **STATEMENTS**

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

9       **PREFACE**

10      **Objective**

11               1.    The objective of this Standard is to prescribe the presentation  
12               of the financial statements for general purposes (general purpose financial  
13               statements) for improving the comparability of the financial statements  
14               against the budget, between periods, as well as among entities. The general  
15               purpose financial statements are financial statements with the objective to  
16               fulfill the needs of the majority of the financial statements users. To achieve  
17               such objective, this Standard determines all considerations for the  
18               presentation of the financial statements, guidelines to the structure of the  
19               financial statements, and minimum requirements of the contents of the  
20               financial statements. The financial statements are prepared by applying cash  
21               basis for recognition of revenues, expenditures, and financing accounts, and  
22               accrual basis for the recognition of assets, liabilities, and equity accounts.  
23               Recognitions, measurements, and disclosures of specific transactions and  
24               other events, are prescribed in other government accounting standards.

25      **Scope**

26               2.    ***General purpose financial statements are prepared and***  
27               ***presented using cash basis for recognition of revenues, expenditures,***  
28               ***transfer and financing accounts, and accrual basis for recognition of***  
29               ***assets, liabilities and equity accounts.***

30               3.    General purpose financial statements are statements  
31               intended to fulfill the needs of users. The users are the public, legislative  
32               bodies, auditor/supervisory institutions, parties providing or having a role in  
33               the process of donations, investments, loans, and the government. The  
34               financial statements include financial statements that are separately  
35               presented or constitute a part of the financial statements that are presented in  
36               other public documents such as an annual report.



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1                   4. *This Standard should be applied by reporting entities in*  
2 *preparing the financial statements of the central government, local*  
3 *governments, and consolidated financial statements, excluding*  
4 *central/local government business enterprises.*

## 5                   **Accounting Basis**

6                   5. *The accounting basis used in government financial*  
7 *statements is cash basis for the recognition of revenues, expenditures,*  
8 *transfers, and financing, and accrual basis for the recognition of assets,*  
9 *liabilities, and equity.*

10                  6. Reporting entities are allowed to prepare accounting and  
11 present the financial statements by using full accrual basis, either in the  
12 recognition of revenues, expenditures, transfers, and financing or in the  
13 recognition of assets, liabilities, and equity.

14                  7. *Reporting entities that prepare accounting and present*  
15 *financial statements by using accrual basis should also present*  
16 *Statement of Budget Realization by using cash basis.*

## 17                  **DEFINITIONS**

18                  8. *The following terms are used in this Standard with the*  
19 *meanings specified:*

20                  *Account for Central Government Cash* *is an account which is*  
21 *determined by the Minister of Finance as Central Government General*  
22 *Treasurer to keep all receipts of state funds and to pay all state*  
23 *disbursements in central bank.*

24                  *Account for Local Government Cash* *is an account which is determined*  
25 *by the government/district head (bupati)/mayor to keep all receipts of*  
26 *local funds and to pay all local disbursements in an appointed bank.*

27                  *Accounting Entity* *is a government unit endowed to certain budget or*  
28 *goods and therefore is obliged to prepare financial statements to be*  
29 *compiled into those of the reporting entity.*

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

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

36                  *Allotment* *is a document of budget execution that shows parts of*  
37 *appropriation made available to the agencies and is used to obtain cash*  
38 *from the Central/Local Government General Treasurer (BUN/BUD) in*  
39 *order to finance disbursements during the period of allotment.*

40                  *Appropriation* *is a budget approved by the Central/Local House of*  
41 *Representatives (DPR/DPRD) which constitutes a mandate to the*



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- 1 ***President/governor/district head (bupati)/mayor to spend in accordance***  
2 ***with the specified objectives.***
- 3 ***Assets are economic resources controlled and/or owned by the***  
4 ***government as a result of past events and from which economic and/or***  
5 ***social benefits in the future are expected to be obtained, either by the***  
6 ***government or by the public, and can be measured in monetary unit,***  
7 ***including the non-financial resources which are needed to provide***  
8 ***services to the public and resources that are maintained for historical***  
9 ***and cultural reasons.***
- 10 ***Budget is a guideline for government actions comprising plan of***  
11 ***revenues, expenditures, transfers, and financing that are measured in***  
12 ***Rupiah, which is systematically prepared according to certain***  
13 ***classifications for one period.***
- 14 ***Cash Basis means a basis of accounting under which transactions and***  
15 ***other events are recognized when cash or its equivalent is received or***  
16 ***paid.***
- 17 ***Cash equivalents are short-term, highly liquid investments that are***  
18 ***readily convertible into cash and which are subject to an insignificant***  
19 ***risks of changes in value.***
- 20 ***Cash Flows are inflows and outflows of cash and cash equivalents***  
21 ***within Central Government General Treasurer (BUN) or Local***  
22 ***Government General Treasurer (BUD).***
- 23 ***Cash is cash on hand and demand deposits that can be readily used to***  
24 ***finance the government activity.***
- 25 ***Central Government Cash is the depository of central government***  
26 ***money as determined by the Minister of Finance as Central Government***  
27 ***General Treasurer (BUN) to keep all the central government receipts and***  
28 ***disbursements.***
- 29 ***Consolidated Financial Statements are financial statements that are***  
30 ***combinations of all financial statements of reporting entities to***  
31 ***represent one single entity.***
- 32 ***Depreciation is the adjustment of value that reflects the decline of***  
33 ***capacity and benefit of a certain asset.***
- 34 ***Equity is the net asset of the government which is the difference***  
35 ***between government assets and liabilities.***
- 36 ***Exchange Rate Difference is the difference that arises due to the***  
37 ***conversion of foreign currency into the Rupiah.***
- 38 ***Expenditures are all disbursements from the Central/Local Government***  
39 ***Cash Account that reduce the current equity in the related budget year***  
40 ***period for which repayment will not be received by the government.***
- 41 ***Fair Value is the amount for which an asset could be exchanged, or a***  
42 ***liability settled, between knowledgeable, willing parties in an arm's***  
43 ***length transaction.***
- 44 ***Financing is any receipt that needs to be repaid and/or disbursements***  
45 ***that should be re-received, either during the budget year or the***  
46 ***subsequent budget years, which in government budgeting is mainly***  
47 ***intended to cover deficits or to make use of budget surplus.***



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- 1 **Fixed Assets** are tangible assets that have a useful life of more than 12  
2 (twelve) months to be used in government activities or to be used for  
3 the benefit of the public.
- 4 **Foreign currency** is a currency other than the currency of the reporting  
5 entity.
- 6 **Intangible Assets** are identifiable non-financial assets that have no  
7 physical form and are owned for producing goods or services or for  
8 other purposes, including rights on intellectual property.
- 9 **Interim Financial Statements** are financial statements that are issued  
10 between two annual financial statements.
- 11 **Inventories** are current assets in the form of goods or supplies that are  
12 intended to support the operational activities of the government, and  
13 the goods that are intended for sale and/or to be delivered for public  
14 services.
- 15 **Investments** are assets intended to gain economic benefits such as  
16 interest, dividend, and royalty, or social benefits, for improving  
17 government capability in servicing the public.
- 18 **Liabilities** are present obligations that arise from past events, the  
19 settlement of which is expected to result in an outflow of government  
20 economic resources.
- 21 **Local Government Cash** is the depository of local government money as  
22 determined by the Local Government General Treasurer (BUD) to keep  
23 all the local government receipts and disbursements.
- 24 **Materiality** is a condition in which information omission or misstatement  
25 could influence the decisions or assessments of users made on the  
26 basis of the financial statements. Materiality depends on the nature or  
27 size of the item or error judged in the particular circumstances of  
28 omission or misstatement.
- 29 **Partnership** is the agreement between two or more parties that have a  
30 commitment to carry out activities which are jointly controlled by using  
31 their assets and or business rights.
- 32 **Reporting currency** is the Rupiah that is used in the presentation of  
33 financial statements.
- 34 **Reporting Date** is the last date of a certain reporting period.
- 35 **Reporting Entity** is a government unit consisting of one or more  
36 accounting entities which according to the statutory regulations is  
37 obliged to prepare and submit accountability reports in the form of  
38 financial statements.
- 39 **Reserved Funds** are funds reserved to cover the needs that require  
40 relatively large funds which cannot be fulfilled within one budget year.
- 41 **Revenue and Expenditure Budget for Central Government (APBN)** is an  
42 annual financial plan that has been approved by the Central House of  
43 Representatives (DPR).
- 44 **Revenue and Expenditure Budget for Local Government (APBD)** is an  
45 annual financial plan that has been approved by the Local House of  
46 Representatives (DPRD).



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

5 ***Surplus/deficit after budget financing (SiLPA/SiKPA)*** is the  
6 ***surplus/deficit after net budget financing.***

7 ***Surplus/Deficit*** is the residual difference between revenues and  
8 ***expenditures during one reporting period.***

9 ***Transfer*** is receipt or disbursement of cash from a reporting entity to or  
10 ***from other reporting entity, including fiscal balance funds and revenue***  
11 ***sharing funds.***

12 ***Transfer Liability*** is an obligation of a reporting entity to pay to another  
13 ***entity as a result of statutory regulations.***

14 ***Transfer Receivables*** are rights of a reporting entity to receive payment  
15 ***from another reporting entity as a consequence of statutory regulations.***

## 16 **PURPOSE OF FINANCIAL STATEMENTS**

17 9. Financial statements are structured presentation of the  
18 financial position and transactions undertaken by a reporting entity. The  
19 general purpose of financial statements is to provide information about the  
20 financial position, budget realization, cash flow, and financial performance of  
21 a reporting entity that is useful to a wide range of users in making and  
22 evaluating decisions about the allocation of resources. Specifically, the  
23 purpose of government financial statements is to present information which is  
24 useful for decisions making and to demonstrate the accountability of the  
25 reporting entity on resources entrusted to it, by:

- 26 a) providing information about the position of economic resources, liabilities,  
27 and equity of the government;
- 28 b) providing information about changes in position of economic resources,  
29 liabilities, and equity of the government;
- 30 c) providing information about sources, allocations, and the use of economic  
31 resources;
- 32 d) providing information about the compliance of realization to its budget;
- 33 e) providing information about the methods used by the reporting entity to  
34 fund its activities and fulfill its cash needs;
- 35 f) providing information about the ability of the government to finance its  
36 activities;
- 37 g) providing information that is useful to evaluate the ability of the reporting  
38 entity in funding its activities.

39 10. The general purpose financial statements also haveT  
40 predictive and prospective roles, provide useful information to predict the  
41 amount of resources needed for sustainable operations, resources produced  
42 from sustainable operations, and the related risks and uncertainties. The  
43 financial statements also present information for users about:

- 44 a) indications of whether the resources are acquired and used in line with the  
45 budget; and



1 b) indications of whether the resources are acquired and used in line with the  
2 provisions, including the budget limit as determined by the Central/Local  
3 House of Representatives (DPR/DPRD).

4 11. To fulfill such general purpose, the financial statements  
5 provide information about the reporting entity on:

- 6 a) assets;
- 7 b) liabilities;
- 8 c) equity;
- 9 d) revenues;
- 10 e) expenditures;
- 11 f) transfers;
- 12 g) financing; and
- 13 h) cash flows.

14 12. The information in the financial statements is relevant to meet  
15 the purposes as stated in paragraph 9, although it cannot fully comply all  
16 purposes. Additional information including non-financial reports, can be  
17 submitted together with the financial statements to provide a more  
18 comprehensive description concerning activities of a reporting entity within  
19 one period.

## 20 RESPONSIBILITY FOR THE FINANCIAL 21 STATEMENTS

22 13. The responsibility for the preparation and presentation of the  
23 financial statement is in the management of the entity.

## 24 COMPONENTS OF THE FINANCIAL 25 STATEMENTS

26 14. *A complete set of financial statements includes the*  
27 *following components:*

- 28 *a) Statement of Budget Realization;*
- 29 *b) Statement of Financial Position;*
- 30 *c) Statement of Cash Flows; and*
- 31 *d) Notes to the Financial Statements.*

32 15. *The components of the financial statements are*  
33 *presented by each reporting entity, with the exception of the Statement*  
34 *of Cash Flows that is only presented by the unit that has a treasury*  
35 *function.*

36 16. A unit that has a treasury function is a unit appointed as a  
37 Central/Local Government General Treasurer (BUN/BUD) and/or as proxy  
38 Central/Local Government General Treasurer (BUN/BUD).

39 17. The financial statements provide information about economic  
40 resources and liabilities of the reporting entity on the date of reporting and the  
41 flow of economic resources during the current period. This information is  
42 necessary for users to conduct evaluation towards the ability of the reporting  
43 entity in carrying out the future government activities.





1           18. Government financial activities are restricted by a budget in  
2 the form of appropriation or budget authorization. The financial statements  
3 provide information whether economic resources have been obtained and  
4 used in accordance with the budget. The Statement of Budget Realization  
5 contains the budget and its realization.

6           19. The reporting entity provides additional information to assist  
7 the users in assessing the financial performance of the entity and its  
8 management of assets, as in making and evaluating the decisions concerning  
9 allocation of economic resources. This additional information includes details  
10 concerning the output and outcome of the entity in the form of indicators of  
11 financial performance, the statement of financial performance, program  
12 review and other reports concerning achievement of financial performance of  
13 the entity during the reporting period.

14           20. In addition to presenting the main financial statements, a  
15 reporting entity is allowed to present a Statement of Financial Performance  
16 and a Statement of Changes in Equity in accrual basis.

17           21. The reporting entity discloses information concerning  
18 compliance to the budget.

## 19           **STRUCTURE AND CONTENTS**

### 20           **Introduction**

21           22. This Standard requires certain disclosures on the face of the  
22 financial statements, requires other disclosures on the Notes to the Financial  
23 Statements, and recommends illustrations to the financial statements as  
24 attachment to this Standard which can be used by reporting entities subject to  
25 its respective situation.

26           23. This Standard uses terms of disclosures in the widest  
27 meaning, comprising items presented either on the face of each financial  
28 statement or in the Notes to the Financial Statements. Disclosures required in  
29 other Government Accounting Standards are presented in accordance with  
30 the provisions in respective standards. Unless there is a standard that  
31 prescribes otherwise, such disclosures are prepared on the face of the  
32 relevant financial statements or in the Notes to the Financial Statements.

### 33           **Identification of Financial Statements**

34           ***24. The Financial statements are clearly identified and***  
35 ***differentiated from other information in the same published documents.***

36           ***25. The Government Accounting Standards only apply to***  
37 ***financial statements and not for other information presented in an***  
38 ***annual report or other documents. Therefore, it is important for users to***  
39 ***be able to differentiate information presented according to the***  
40 ***Government Accounting Standards from other information, which is not***  
41 ***a subject prescribed in this Standard.***



1                   26. Each component of the financial statements must be clearly  
2 identified. Additionally, the following information should be presented clearly  
3 and repeatedly on each page of the report, if necessary, to obtain adequate  
4 understanding on the presented information:  
5 a) name of reporting entity or other identification;  
6 b) scope of financial statements, whether it is one reporting entity or a  
7 consolidation of several reporting entities;  
8 c) date or period of reporting covered by the financial statements according  
9 to the components of the financial statements;  
10 d) reporting currency; and  
11 e) degree of accuracy used in the presentation of figures in the financial  
12 statements.

13                   27. The requirements in paragraph 26 can be fulfilled through  
14 presentation of brief headings and column headings on each page of financial  
15 statements. Various considerations are used for numbering of pages,  
16 references and presentation of attachments in order to facilitate users in  
17 understanding the financial statements.

18                   28. The financial statements are often easier to understand if the  
19 information presented is in thousands or millions of Rupiah. Such  
20 presentation is acceptable as long as the degree of accuracy in the  
21 presentation of figures disclosed and the relevant information are not  
22 diminished.

## 23                   **Reporting Period**

24                   29. *The financial statements are prepared and presented at*  
25 *least once a year. In certain situation, when the report date of an entity*  
26 *changes and the annual financial statements are presented with a*  
27 *period longer or shorter than one year, the reporting entity thus*  
28 *discloses the following information:*

- 29                   *a) reasons for not applying a one year reporting period,*  
30                   *b) facts that comparative amounts for certain reports such as the cash*  
31                   *flows and related notes are not comparable.*

32                   30. In certain situation a reporting entity must change the  
33 reporting date, for example a change in the budget year. Disclosures on  
34 changes of reporting dates are important in order that users are aware that  
35 the amounts presented are for the current period and comparative amounts  
36 cannot be compared. A further example is in the period of transition from cash  
37 basis accounting to accrual basis accounting, or when the reporting entity  
38 changes the date of reporting of accounting entities within the reporting entity  
39 to allow preparation of consolidated financial statements.

## 40                   **Timeliness**

41                   31. The usefulness of financial statements will diminish if a report  
42 is not available for users within a certain period of time after the date of  
43 reporting. The factors such as operational complexities of a reporting entity  
44 are insufficient grounds for failure of reporting in time. The financial  
45 statements should be submitted to the Central/Local House of



1 Representatives (DPR/DPRD) not later than 6 (six) months after the end of  
2 budget year.

### 3 **Statement of Budget Realization**

4 **32. The Statement of Budget Realization discloses financial**  
5 **activities of the central/local government which shows compliance to**  
6 **the Revenue and Expenditure Budget for Central Government (APBN)/**  
7 **the Revenue and Expenditure Budget for Local Government (APBD).**

8 33. The Statement of Budget Realization presents a summary of  
9 sources, allocation and utilization of economic resources which are managed  
10 by the central/local government during one reporting period.

11 **34. The Statement of Budget Realization presents at least the**  
12 **following elements:**

13 **a) revenues;**

14 **b) expenditures;**

15 **c) transfers;**

16 **d) surplus/deficit;**

17 **e) financing;**

18 **f) surplus/deficit after budget financing (SiLPA/SiKPA).**

19 **35. The Statement of Budget Realization illustrates a**  
20 **comparison between the budget and its realization during one reporting**  
21 **period.**

22 36. The Statement of Budget Realization is further explained in  
23 the Notes to the Financial Statements. Such explanation contains matters that  
24 influence the implementation of the budget such as fiscal and monetary  
25 policies, causes of occurrence of material differences between the budget  
26 and its realization, as well as further detailed lists of figures that are  
27 considered necessary to be explained.

28 37. Government Accounting Standard No.02 (PSAP No.02)  
29 prescribes the requirements for the presentation of the Statement of Budget  
30 Realization and disclosures of the related information.

### 31 **Statement of Financial Position**

32 38. The Statement of Financial Position describes the financial  
33 position of a reporting entity concerning assets, liabilities and equity on a  
34 certain date.

#### 35 **Classification**

36 **39. Each reporting entity classifies its assets into current**  
37 **assets and non-current assets and classifies its liabilities into short-**  
38 **term liabilities and long-term liabilities in the Statement of Financial**  
39 **Position.**

40 **40. Each reporting entity discloses each asset and liability**  
41 **amounts that are expected to be received or paid out within a period of**  
42 **12 (twelve) months after the reporting date and amounts expected to be**  
43 **received or paid out within a period of more than 12 (twelve) months.**



1           41. In the event a reporting entity provides goods to be used in  
2 carrying out government activities, separate classifications are needed for  
3 current assets and non-current assets in the Statement of Financial Position  
4 to provide information concerning the goods to be used in the subsequent  
5 period of accounting and those that will be used for long term purpose.

6           42. Information about the maturity date of financial assets and  
7 liabilities is useful for the assessment of liquidity and solvency of a reporting  
8 entity. Information concerning the date of settlement of non-monetary assets  
9 and liabilities, such as inventories and reserves, is also useful to understand  
10 whether assets are classified as current and non-current assets and liabilities  
11 are classified as short-term and long-term liabilities.

12           **43. The Statement of Financial Position contains at least the**  
13 **following accounts:**

- 14 **a) cash and cash equivalents;**
- 15 **b) short-term investments;**
- 16 **c) tax and non-tax receivables;**
- 17 **d) inventories;**
- 18 **e) long-term investments;**
- 19 **f) fixed assets;**
- 20 **g) short-term liabilities;**
- 21 **h) long-term liabilities;**
- 22 **i) equity.**

23           **44. Accounts other than those mentioned in paragraph 43**  
24 **are presented in the Statement of Financial Position if the Government**  
25 **Accounting Standards require such, or if such presentation is needed to**  
26 **present a fair financial position of a reporting entity.**

27           45. Illustration of Statement of Financial Position is presented at  
28 attachment III.A and III.B of this Standard. Attachment is only an illustration  
29 and is not part of accounting standard. The purpose of showing it in the  
30 attachment is for illustrating the application of accounting standards for  
31 preparing financial statements.

32           46. The considerations for presenting additional accounts  
33 separately are based on the following factors:

- 34 a) Nature, liquidity, and materiality of assets;
- 35 b) Functions of those accounts in the reporting entity;
- 36 c) Total, nature, and period of liabilities.

37           47. Assets and liabilities that differ in nature and function are  
38 sometimes measured by different measurement basis. As an example, a  
39 group of certain fixed assets is recorded based on the acquisition costs and  
40 other groups are recorded based on estimated fair value.

## 41 **Current Assets**

42           **48. An asset should be classified as a current asset when:**

- 43 **a) it is expected to be realized in, or is held for sale or consumption in,**  
44 **within a period of 12 (twelve) months from the date of reporting, or**
- 45 **b) it is cash or cash equivalent asset.**



1 **All assets other than those included in (a) and (b), are classified as non-**  
2 **current assets.**

3 49. Current assets consist of cash and cash equivalent, short-  
4 term investments, receivables, and inventories. Short-term investments,  
5 among others, are time deposits from 3 (three) to 12 (twelve) months and  
6 tradable commercial papers. Receivables among others are tax receivables,  
7 retributions, fines, installments of Sales, indemnification claims, and other  
8 receivables that are expected to be received within a period of 12 (twelve)  
9 months after the reporting date. Inventories include goods or supplies which  
10 are purchased and kept for use, for example consumables such as office  
11 stationeries, non consumables such as equipment components and pipes,  
12 and used goods such as used components.

### 13 **Non-Current Assets**

14 **50. Non-Current Assets comprise assets which are long term**  
15 **in nature and intangible assets that are directly or indirectly used for**  
16 **government activities or that are used by the public.**

17 **51. In order to simplify the understanding of non current**  
18 **asset components in the Statement of Financial Position, Non-Current**  
19 **Assets are classified into long-term investments, fixed assets, reserved**  
20 **funds, and other assets.**

21 **52. Long-term investments are investments that are intended**  
22 **to be held for more than 12 (twelve) months. Long-term investments**  
23 **consist of non-permanent and permanent investments.**

24 **53. Non-permanent investments are long-term investments**  
25 **which are not intended to be permanently held.**

26 **54. Permanent investments are long-term investments which**  
27 **are intended to be permanently held.**

28 **55. Non-permanent investments consist of:**

- 29 a) **Purchase of Government Bond (Surat Utang Negara);**  
30 b) **Capital investment in development projects (proyek pembangunan)**  
31 **that can be transferred to third parties; and**  
32 c) **Other non-permanent investments.**

33 **56. Permanent Investments consist of:**

- 34 a) **Government Investment (PMP) in Central/Local Government**  
35 **Business Enterprises (BUMN/BUMD), state financial institutions,**  
36 **State Owned Legal Entities (BHMN), international institutions, and**  
37 **other legal institutions which are not owned by the government.**  
38 b) **Other Permanent Investments.**

39 **57. Fixed assets are tangible assets that have a useful life for**  
40 **more than twelve months for use in government activities or for use by**  
41 **the public.**

42 **58. Fixed assets consist of:**

- 43 a) **Land;**  
44 b) **Equipment and machinery;**  
45 c) **Buildings and properties;**  
46 d) **Roads, irrigations, and transmission networks;**



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- 1 e) *Other fixed assets; and*  
2 f) *Construction in progress.*

3 59. *Reserved Funds are funds reserved to cover the needs*  
4 *that require relatively large funds which cannot be fulfilled in one*  
5 *budget year. Reserved funds are detailed according to their purpose.*

6 60. *Other non-current assets are classified as other assets.*  
7 *Included in other assets are intangible assets, receivables from sales by*  
8 *installments that mature in a period of more than 12 (twelve) months,*  
9 *and joint-operation assets (partnership).*

### 10 **Recognition of Assets**

11 61. *Assets are recognized when potential future economic*  
12 *benefits flow to the government and the fair value or costs of the assets*  
13 *can be measured reliably.*

14 62. *Assets are recognized when received or when the*  
15 *ownership and/or the control are transferred.*

### 16 **Measurement of Assets**

17 63. *Measurement of assets is as follows:*

- 18 a) *Cash is recorded in its nominal value;*  
19 b) *Short-term investments are recorded in its acquisition costs;*  
20 c) *Receivables are recorded in their nominal value;*  
21 d) *Inventory is recorded in the amount of:*

- 22 (1) *Acquisition costs if it is acquired through purchase;*  
23 (2) *Standard costs if it is acquired through self-production;*  
24 (3) *Fair value if it is acquired by other means such as*  
25 *donation/seizure.*

26 64. *Long-term investments are recorded in the amount of*  
27 *acquisition costs including other additional costs that occur to obtain*  
28 *legal ownership of such investments.*

29 65. *Fixed assets are recorded in the amount of acquisition*  
30 *costs. If it is impossible to value the fixed assets using acquisition*  
31 *costs, then the value of such fixed assets is determined based on the*  
32 *fair value at the time of acquisition.*

33 66. *Other than land and construction in progress, all fixed*  
34 *assets can be depreciated in accordance with the nature and*  
35 *characteristics of such assets.*

36 67. *Acquisition costs of fixed assets which are developed through*  
37 *self-construction (swakelola) include direct labor, raw material, and indirect*  
38 *costs, including costs for planning and supervision, supplies, electricity, rental*  
39 *of equipment and all other costs that occur in relation to the development of*  
40 *such fixed assets.*

41 68. *Monetary assets in foreign currencies are presented and*  
42 *stated in the Rupiah currency. The presentation of foreign currencies*  
43 *uses the mid-rate of the central bank on the date of the Statement of*  
44 *Financial Position.*

### 45 **Short-term Liabilities**



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1                   **69. A liability is classified as a short-term liability if such is**  
2 **expected to be paid within a period of 12 (twelve) months after the**  
3 **reporting date. All other liabilities are classified as long-term liabilities.**

4                   70. Short-term liabilities can be categorized by similar method as  
5 current assets. Several short-term liabilities such as government transfer  
6 debts or debts to employees, will absorb current assets in the subsequent  
7 reporting year.

8                   71. Other short-term liabilities are liabilities that are mature within  
9 a period of 12 (twelve) months after the reporting date. For example, interest  
10 payable, short-term debts to third parties, due to the third parties (PFK), and  
11 current portion of long-term debts.

## 12 **Long-term Liabilities**

13                   **72. A reporting entity continues to classify its long-term**  
14 **liabilities, although such liabilities are mature and are for settlement**  
15 **within a period of 12 (twelve) months after the reporting date, if:**

16 **a) the original maturity period is for a period of more than 12 (twelve)**  
17 **months;**

18 **b) the entity plans to refinance such liabilities based on long term**  
19 **period; and**

20 **c) such purpose is supported by the existence of a refinancing**  
21 **agreement, or a rescheduling of payments which will be settled prior**  
22 **to the approval of the financial statement.**

23 **The amount of short-term liabilities treated in accordance with this**  
24 **paragraph, together with information supporting this presentation,**  
25 **should be disclosed in the Notes to the Financial Statements.**

26                   73. Several liabilities that are mature in the subsequent year can  
27 possibly be expected to be refinanced or rolled over based on the policy of  
28 the reporting entity and are expected not to absorb the entity funds  
29 immediately. Such liabilities are considered and classified as long-term  
30 liabilities. However, in a situation where the refinancing policy is not under the  
31 control of the entity (such as in the case where there is no approval for the  
32 refinancing), then the refinancing cannot be automatically considered, and  
33 such liabilities should be classified as short-term liabilities unless the  
34 settlement of the refinancing agreement prior to the financial statements  
35 approval proves that the substance of liabilities on the reporting date is long-  
36 term.

37                   74. Several loan agreements carry certain covenants that cause  
38 long-term liabilities to become short-term liabilities (payable on demand) if  
39 certain covenants related to the financial position of the borrower are violated.  
40 In such situation, liabilities are then classified as long-term liabilities only if:

41 **a) the lender approves not to demand for payment as a consequence of the**  
42 **violations, and**

43 **b) there will be no subsequent violations within a period of 12 (twelve)**  
44 **months after the reporting date.**

## 45 **Recognition of Liabilities**



1                   **75. Liabilities are recognized if there is significant possibility**  
2 **that the disbursement of economic resources will be carried out or have**  
3 **been carried out to settle the existing liabilities, and changes on such**  
4 **liabilities have a settlement value that can be measured reliably.**

5                   **76. Liabilities are recognized at the time the loan received or**  
6 **at the time such liability occurred.**

## 7 **Measurement of Liabilities**

8                   **77. Liabilities are recorded in the nominal amount. Liabilities**  
9 **in foreign currencies are translated and presented in the Rupiah**  
10 **currency. The presentation of foreign currencies uses the mid-rate of**  
11 **the central bank on the date of the Statement of Financial Position.**

## 12 **Equity**

13                   **78. Each reporting entity will disclose separately in the**  
14 **Statement of Financial Position or in the Notes to the Financial**  
15 **Statements:**

16 **a) Current Equity, including surplus/deficit after budget financing**  
17 **(SiLPA/SiKPA);**

18 **b) Investment Equity;**

19 **c) Reserved Fund Equity.**

20                   79. Current Equity is the difference between current assets and  
21 short-term liabilities. Current Equity such as the surplus/deficit after budget  
22 financing (SiLPA/SiKPA), receivables reserves, inventory reserves, and  
23 deductible equity for payment of short-term liabilities.

24                   80. Investment Equity reflects government assets invested in  
25 long-term investments, fixed assets, and other assets, deducted by long-term  
26 liabilities.

27                   81. Reserved Fund Equity reflects government assets reserved  
28 for certain purposes in accordance with statutory regulations.

## 29 **Information Presented in the Statement of Financial Position** 30 **or in the Notes to the Financial Statements**

31                   **82. A reporting entity discloses, both in the Statement of**  
32 **Financial Position as well as in the Notes to the Financial Statements,**  
33 **sub-classifications of accounts presented, classified by method in**  
34 **accordance with the operations of the related entity. An account will be**  
35 **further sub-classified, if necessary, in accordance with its nature.**

36                   83. Details contained in the sub-classifications in the Statement of  
37 Financial Position or in the Notes to the Financial Statements depend upon  
38 the requirements of the Government Accounting Standards and the  
39 materiality amount of the accounts. Factors mentioned in paragraph 84 can  
40 be used to determine the basis of sub-classifications.

41                   84. Disclosures will vary for each accounts, for example:

42 (a) receivables are detailed according to total tax receivables, retributions,  
43 sales, related parties, advanced payment, and other amounts; transfer  
44 receivables are detailed according to their sources;





- 1 (b) inventories are detailed further in accordance with the accounting  
2 standard for inventories;  
3 (c) fixed assets are classified based on categories in accordance with the  
4 accounting standard for fixed assets;  
5 (d) transfer debts are analyzed according to the receiving entities;  
6 (e) reserved funds are classified in accordance with their purposes;  
7 (f) components of equity are classified into current equity, investment equity,  
8 and reserved fund equity.  
9 (g) disclosures on the ownership of the government in state/local/other  
10 government business entities are amounts of investments, degree of  
11 control and valuation methods.

## 12 **Statement of Cash Flow**

13 85. The Statement of Cash Flow presents information concerning  
14 sources, usages, changes in cash and cash equivalent during one accounting  
15 period, and the balance of cash and cash equivalent on the reporting date.

16 **86. Cash inflows and outflows are classified based on**  
17 **operating, non-financial asset investing, financing, and non-budgeting**  
18 **activities.**

19 87. The presentation of the Statement of Cash Flow and  
20 disclosures related to the cash flow are prescribed in Government Accounting  
21 Standard Number 03 on Statement of Cash Flows.

## 22 **Statement of Financial Performance**

23 **88. If a reporting entity applies accrual basis as outlined in**  
24 **paragraph 20 then the main financial statements will be completed with**  
25 **a Statement of Financial Performance. The Statement of Financial**  
26 **Performance will at least present the following accounts:**

27 **a) Revenues from operational activities;**

28 **b) Expenditures based on classification of function and economy;**

29 **c) Surplus or deficit.**

30 **Additional accounts, titles, and sub-totals are presented in the**  
31 **Statement of Financial Performance if this Standard requires such, or if**  
32 **it is necessary to fairly present the financial performance of a reporting**  
33 **entity.**

34 89. In relation to the Statement of Financial Performance,  
35 operational activities of a reporting entity can be analyzed according to  
36 economic classifications or function/program classifications to achieve the  
37 determined objectives.

38 90. Additional accounts to the Statement of Financial  
39 Performance and their descriptions as well as the structure of those accounts  
40 can be changed, if necessary, to explain performance. Factors that need to  
41 be considered are materiality, nature, and function of components of  
42 revenues and expenditures.

43 91. In the Statement of Financial Performance that is analyzed  
44 according to the expenditures classification, the expenditures are categorized



1 according to economic classifications (for example depreciation/amortization  
2 expense, office supplies expense, transportation expense, and salary and  
3 allowance expense), and will not be re-allocated to various functions within a  
4 reporting entity. This method is simple for application in many smaller entities  
5 since this will not require allocation of operational expenses in various  
6 functions.

7 92. In the Statement of Financial Performance that is analyzed  
8 according to classification of functions, the expenses are categorized  
9 according to programs or the purposes. The presentation of this statement  
10 provides more relevant information for users compared to the statement  
11 according to economic classification, although in this case the expenses  
12 allocation to functions is sometimes of arbitrary nature and is based on  
13 certain considerations.

14 93. A reporting entity that categorizes expenses according to the  
15 classification of functions also discloses additional information of expenses  
16 according to economic classification, among others, covering depreciation/  
17 amortization expenses, salary and allowances expenses, and loan interest  
18 expenses.

19 94. The selection of a method of economic classification or  
20 function classification will depend on historical factors and statutory  
21 regulations as well as the nature of the organization. Both methods can  
22 provide indications of expenses that may, either directly or indirectly, be  
23 different from the output of the related reporting entity. Since the application  
24 of each respective method towards different entities will have their own  
25 advantages, therefore this Standard allows the reporting entity to select one  
26 of the methods considered as the best in presenting adequately the  
27 performance elements.

## 28 **Statement of Changes in Equity**

29 95. *A reporting entity that presents a Statement of Changes*  
30 *in Equity as outlined in paragraph 20 presents at least the following*  
31 *accounts:*

- 32 *a) Surplus/deficit after budget financing (SiLPA/SiKPA);*  
33 *b) Each revenue and expenditure account and their amounts as*  
34 *required in other standards, which are directly recognized in equity;*  
35 *c) The cumulative effects of changes in accounting policies and*  
36 *adjustment of basic errors which are prescribed in a separate*  
37 *standard.*

38 96. *Additionally, a reporting entity presents on the face or in*  
39 *the Notes to the Financial Statements the followings:*

- 40 *a) Balance of equity at the beginning of the period and on the reporting*  
41 *date, and its changes during the current period.*  
42 *b) If the components of equity are separately disclosed, the*  
43 *reconciliation between the value of each equity component at the*  
44 *beginning and at the end of the period that discloses each respective*  
45 *changes separately.*



# 1 Notes to the Financial Statements

## 2 Structure

3 **97. In order that users can understand and compare the**  
4 **financial statements against those of other entities, the Notes to the**  
5 **Financial Statements at least should be presented in the following**  
6 **structure:**

- 7 **a) information on fiscal/financial policies, macro economy,**  
8 **achievement of target of Revenue and Expenditure Budget for**  
9 **Central/Local Government (APBN/APBD), with the impediments and**  
10 **obstacles faced in achieving the target;**
- 11 **b) summary on achievement of financial performance during the**  
12 **reporting year;**
- 13 **c) information concerning basis in preparing financial statements and**  
14 **accounting policies selected for application on transactions and**  
15 **other important events;**
- 16 **d) disclosure of information as prescribed by the Government**  
17 **Accounting Standards which is not yet presented on the face of the**  
18 **financial statements;**
- 19 **e) disclosure of information of assets and liabilities accounts that**  
20 **occur in relation to the application of accrual basis on revenues and**  
21 **expenditures and its reconciliation with the application of cash**  
22 **basis;**
- 23 **f) additional information required for a fair presentation, which is not**  
24 **presented on the face of the financial statements;**
- 25 **g) lists and schedules.**

26 **98. Notes to the Financial Statements are presented**  
27 **systematically. Every account in the Statement of Budget Realization,**  
28 **the Statement of Financial Position, and the Statement of Cash Flow**  
29 **must have cross-references to the related information in the Notes to**  
30 **the Financial Statements.**

31 **99. Notes to the Financial Statements comprise detailed**  
32 **explanations or detailed lists or analysis of a value of an account**  
33 **presented in the Statement of Budget Realization, the Statement of**  
34 **Financial Position, and the Statement of Cash Flow. Included in the**  
35 **Notes to the Financial Statements is the presentation of information**  
36 **which is mandated and suggested by the Government Accounting**  
37 **Standards and other necessary disclosures for fair presentation of the**  
38 **financial statements, such as contingent liabilities and other**  
39 **commitments.**

40 **100. In certain situation it is still possible to change the**  
41 **composition of presentation of certain accounts in the Notes to the Financial**  
42 **Statements. For example, information on rate of interest and adjustments of a**  
43 **fair value can be combined with information on maturity of commercial**  
44 **papers.**

## 45 Presentation of Accounting Policies



1                    **101. The part of accounting policies in the Notes to the**  
2 **Financial Statements explains the followings:**

3 **(a) basis of measurement used in the preparation of the financial**  
4 **statements;**

5 **(b) the extent the accounting policies related to the provisions to the**  
6 **transition period of the Government Accounting Standards applied in**  
7 **a reporting entity; and**

8 **(c) each certain accounting policy necessary to understand the financial**  
9 **statements.**

10                    102. Users of the financial statements need to know the basis of  
11 measurements used in the presentation of the financial statements. If more  
12 than one basis of measurement is used in the preparation of the financial  
13 statements, then the information presented should be sufficiently adequate to  
14 indicate assets and liabilities that use such basis of measurement.

15                    103. In determining whether an accounting policy needs to be  
16 disclosed, the management must consider whether such disclosure can assist  
17 users to understand each transaction reflected in the financial statements.  
18 Accounting policies that need to be considered for presentation include, but  
19 are not limited to, the followings:

20 (a) Recognition of revenues;

21 (b) Recognition of expenditures;

22 (c) Principles of preparation of consolidated financial statements;

23 (d) Investments;

24 (e) Recognition and disposal/write-off of tangible and intangible assets;

25 (f) Construction contracts;

26 (g) Capital expenditure policies;

27 (h) Partnerships with third parties;

28 (i) Costs for research and development;

29 (j) Inventory, both for sale as well for own use;

30 (k) Reserved funds;

31 (l) Foreign currency translation and hedging.

32                    104. Each reporting entity needs to consider the nature of activities  
33 and policies to be disclosed in the Notes to the Financial Statements. For  
34 example, disclosure of information for recognition of taxes, retributions, and  
35 other forms of nonreciprocal revenues, translation of foreign currencies, and  
36 accounting treatment for exchange rate differences.

37                    105. Accounting policies can become significant although the value  
38 of accounts presented in the current and prior periods is immaterial. Besides,  
39 it is also necessary to disclose the accounting policy selected and applied  
40 which is not regulated in this Standard.

#### 41 **Other Disclosures**

42                    **106. A reporting entity discloses, if such has not yet been**  
43 **conveyed in any part of the financial statements, the followings:**

44 **i. domicile and legal form of an entity and the jurisdiction where such**  
45 **entity operates;**



- 1 *ii. explanation concerning the nature of the entity and its main*  
2 *activities;*  
3 *iii. legal provisions that become the basis of its operational activities.*

4 **EFFECTIVE DATE**

5 *107. This Government Accounting Standard becomes*  
6 *effective for the financial statements covering periods beginning with*  
7 *budget 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.**