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Original Article

Accounting Review of Recording of Joper Chicken Inventory as a Biological Asset Based on PSAK 69

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Abstract

Small-scale poultry farmers like CV Almarn Ligurbar Farm typically do not classify chickens as biological assets in accordance with PSAK 69. This results in financial statements inaccurately reflecting their actual economic worth. This study aims to analyze the method of recording chicken inventory that meets the PSAK 69 standards regarding biological assets, analyzing the differences between the recording practices carried out and the standards set out in PSAK 69. PSAK 69 requires the measurement of biological assets using fair value less costs to sell. This study was conducted on small-scale chicken farmers, namely CV Almarn Ligurbar Farm. This study uses a descriptive qualitative approach with a case study method. The results of the study indicate that farmers have not fully implemented PSAK 69 due to limitations in understanding accounting standards, lack of financial records, and uncertainty in market prices. Recording is not carried out as chickens as biological assets during their growth period at CV Almarn Ligurbarn Farm, which has a significant impact on the validity and reliability of the resulting financial statements. Based on PSAK 69, chickens in the care process including the initial, intermediate, and pre-harvest phases are recognized as active biological assets that experience changes in both quantity and quality, so they should be recognized and valued in accounting. However, the reality in the field indicates that these chickens are seen only as part of the production process, without official recognition as assets in the statement of financial position.

Keywords: Biological Assets, Chicken Inventory, PSAK 69, Fair Value Accounting, Financial Reporting.

1. Introduction

Indonesia is a country focused on agriculture and has significant potential in the agricultural and livestock sectors, boasting abundant assets (Prasetyaning et al., 2023). A key component of this sector is poultry farming, encompassing both chickens and laying hens. In practice, poultry farming undergoes a biological cycle that requires specialized accounting methods, particularly in managing biological asset reports. To meet this need, the Indonesian Institute of Accountants (IAI) issued PSAK 69 concerning Agriculture, which became effective on January 1, 2018. PSAK 69 presents a measurement method that focuses on the fair value of biological assets, such as live chickens, with the aim of reflecting their true economic value. However, implementation in the field, particularly for micro-enterprises, still faces several obstacles. PSAK 69 stipulates the obligation to measure the fair value of biological assets, but its implementation in the field remains very limited. The implementation of biological asset accounting, particularly fair value measurement in accordance with PSAK 69, plays a crucial role for chicken sellers.

Efficient accounting implementation in the agricultural sector not only contributes to long-term planning and production cost analysis but also optimizes existing resources. In practice, using the acquisition cost approach often results in the value of biological assets shown in financial statements not reflecting the true economic value of the livestock business. This can impact managerial decisions, particularly in financial planning and business development (Mirović et al., 2019). Conversely, implementing fair value accounting in accordance with PSAK 69 can improve financial reporting transparency by providing a more accurate picture of asset values. Implemented accounting policies need to take into account the specific characteristics of poultry farming to reflect the true financial condition and support more accurate decision-making (Mutmainnah et al., 2025).

Biological assets, which are vital components of the agricultural sector, must be included in financial statements (Utamie, 2022). When an entity owns biological assets, it enables it to produce agricultural goods. If an entity disposes of its biological assets or agricultural products, it will receive cash. Therefore, the intensity of biological assets can reflect the expected cash flow that an agricultural entity will receive (Jao et al., 2023). The significance of disclosing biological assets in financial statements aims to influence decision-making. Therefore, accounting data should be more reliable, accurate, and related to biological assets. The agricultural sector has different characteristics compared to entities in other sectors, namely the presence of agricultural activities (Azzahra et al., 2020). Elements of financial statements include assets. Assets are categorized as current assets, non-current assets, and other assets (Ermawijaya & Endang, 2025).

Accounting principles are the basic methods in the financial reporting process. These principles are necessary for optimal financial reporting (Alfiani & Rahmawati, 2019). These accounting principles play a crucial role in obtaining objective results from various financial issues that arise in business operations. By complying with these standards, entities can ensure that asset recognition, measurement, and reporting are carried out in an organized manner and in accordance with existing accounting principles. This is crucial for financial statement preparers, as it facilitates their ability to present accurate and relevant information regarding the entity's financial condition and performance. Transparency in asset reporting also helps entity management make strategic decisions based on reliable financial data (Putri et al., 2024).

Applicable to financial conditions, operating results, and other changes in financial position (Fitriyani et al., 2025). PSAK 69 regulates the recognition, valuation, disclosure, and presentation of biological assets or agricultural products. Broadly speaking, if a biological asset meets several requirements for asset recognition, it can be recognized. Fair value is a method of valuing biological assets that can be conducted by observing an active market, considering that biological assets undergo transformation, which influences the valuation process (Kodriyah & Monica, 2021).

Proper evaluation of biological assets is crucial for the transparency and reliability of financial statements, as biological assets are a fundamental element of an entity's balance sheet. Appropriate valuation ensures that financial statements reflect the true value of an entity's assets, providing a more accurate view to stakeholders. This level of accuracy can also be utilized in management decision-making, where strategic decisions such as investment, development, and resource distribution depend on the correct valuation of biological assets. Misjudgments can result in suboptimal decisions and financial losses (Nuraini & Syah, 2025).

CV Almarn Ligurbar Farm, a micro-enterprise focused on raising Joper chickens, was established in 2023 with an initial investment of IDR 40,000,000. Despite being classified as a business with such capital, this farm faces significant challenges, particularly in financial

management aspects according to accounting standards. The implementation of PSAK 69 in recording chicken inventory plays a crucial role in producing relevant, reliable financial reports that reflect the actual economic situation (Mirović et al., 2019). Farmers who have implemented PSAK 69 will be better prepared to face challenges in financing, tax reporting, and business development. The purpose of this study is to analyze the method of recording chicken inventory that meets PSAK 69 standards regarding biological assets, analyzing the differences between the recording practices carried out and the standards set out in PSAK 69.

This study offers innovation by not only evaluating the compliance of chicken inventory recording with PSAK 69 but also investigating the extent of micro-scale chicken farmers' understanding of biological accounting literacy. This method is important because many previous studies have focused more on the technical aspects of standard implementation without considering the actual understanding of business actors regarding the concept of fair value and accounting treatment for biological assets. Through a case study of CV Almarn Ligurbar Farm, this study examines the real-world context, thus identifying the root causes of the problem and the supporting factors that provide a solid foundation for policy interventions. Based on the business category, chicken farmers can be classified as private entities, where in Indonesia the appropriate accounting guidelines are SAK ETAP. However, to date, the only accounting regulation governing biological assets in Indonesia is PSAK 69 Agriculture (Nurlita et al., 2024).

This study presents a prototype of a simple financial accounting model based on PSAK 69, combining the fair value approach with the historical cost approach, for greater relevance and applicability for micro-scale farmers. A simple recommendation that can be implemented is to clarify the financial accounting model by integrating the historical cost and fair value approaches in recording biological assets. Initially, historical cost is used to record expenses incurred, such as the purchase of chicks, feed, and maintenance costs. This recording provides a clear basis for the initial investment made by the farmer. Subsequently, at each reporting period, chickens in their rearing period are revalued at fair value, which is the prevailing local market price at that time. The change in value from historical cost to fair value is recorded as a biological gain or loss. This way, financial reports can present more relevant and up-to-date information regarding the business's economic condition. The decision to implement PSAK 69 at CV Almarn Ligurbar Farm is not only about complying with accounting standards, but also a strategic step to maintain business position amidst tight competition in the chicken farming market.

2. Literature Review

PSAK 69 defines biological assets as living animals or plants held for agricultural purposes. This standard stipulates that biological assets are measured at fair value less costs to sell at each reporting date, unless their fair value cannot be measured reliably (Indonesian Institute of Accountants, 2015). Paragraph 5 of PSAK 69 states: "Biological assets are living animals or plants." Biological assets are a special type of asset because they continue to grow even after they have produced a yield. Changes in biological assets include growth, decline, production, and reproduction, which can result in changes in both quality and quantity. Throughout the life cycle of these animals or plants, biological assets can produce new assets that emerge as agricultural products or as additions to existing biological assets in the same category (Ermawijaya & Endang, 2025).

2.1. Fair Value in IFRS 13

IFRS 13 explains that fair value is the amount received when selling an asset or the amount paid to transfer a liability in an ordinary transaction between market participants on the date of the evaluation (Hütten & Sessar, 2011). The concept of fair value is market-based and not entity-specific. Therefore, the valuation process must incorporate factors from a relevant and representative active market (Kodriyah & Monica, 2021). In the context of a chicken farm, which functions as an agricultural entity, the use of fair value applies to the valuation of biological assets such as live chickens. This value is typically determined based on the prevailing market price of live chickens at the time the report is prepared, less the estimated costs of sale, including distribution, slaughter, and transportation costs. Determining fair value is crucial because it reflects the estimated economic benefits that can be realized by the entity under normal market conditions.

2.2. Biological Assets

Biological assets are central to agricultural activities and are defined in PSAK 69 (based on IAS 41) as living animals or plants undergoing biological changes. In the poultry farming sector, biological assets include all live chickens owned by an entity, both during the growth phase (broilers) and the production phase (layers). The biological cycle begins when the chickens are acquired as Day-Old Chicks (DOCs), then cared for through feeding and health care until they reach a mature size or age for sale. During this period, the chickens undergo biological changes that include weight gain, age changes, and reproductive potential. These changes must be recognized and valued as an increase in economic value over time. Biological assets are recorded in the financial statements using the fair value approach, in accordance with the principles of PSAK 69 (Ikatan Akuntan Indonesia, 2015), and are separated from harvested agricultural products. This approach ensures that the economic value of biological changes during the rearing period is reflected in the entity's financial statements, providing more reliable and relevant information for stakeholders.

2.3. Inventories

In preparing financial statements, inventory is a crucial current asset element, especially for entities operating in the trading, manufacturing, or agricultural sectors. According to Statement of Financial Accounting Standards (PSAK) No. 14 concerning Inventories, the term inventory is defined as: "Assets held for sale in the ordinary course of business; in the production stage for sale; or available as materials or supplies to be consumed in the production process or the provision of services." In agricultural businesses such as poultry farms, inventory can include post-harvest agricultural products (e.g., live chickens ready for sale, chicken meat, eggs) that are no longer undergoing biological changes. Meanwhile, live and growing chickens are recognized as biological assets as regulated by PSAK 69: Agriculture. The main difference between PSAK 14 and PSAK 69 lies in the recognition and measurement methods. PSAK 14 applies the historical cost or net realizable value principle (whichever is lower), while PSAK 69 states that biological assets are valued at fair value less costs to sell (Ikatan Akuntan Indonesia, 2015).

3. Methods

This research is a qualitative study with a descriptive approach and a case analysis method (Puspita & Mahdani, 2022). This approach was chosen because the objective of the study was to explore and explain in detail how to record chicken inventory as a biological asset in a livestock business unit. The research object was CV Almarn Ligurbarn Farm, a chicken

farm operating in Limbungan Village, Gunung Sari District, West Lombok Regency. This case study approach allowed researchers to comprehensively investigate the phenomenon in an in-depth context, particularly regarding the implementation of PSAK 69 in the micro-scale chicken farming sector (Assyakurrohim et al., 2022).

To obtain data, the researchers employed three primary data collection techniques: interviews with the owner of CV Almarn Ligurbarn Farm and staff directly involved in recording operational and financial activities. The objective was to explore their insights regarding PSAK 69, chicken inventory recording methods, and the challenges faced in implementing biological accounting (Fitriyani et al., 2025). The researchers also conducted direct field observations, particularly regarding inventory recording practices. The observations aimed to understand how farmed chickens were recorded, whether physically, manually, or using a fair value approach. These observations included recording Day Old Chick (DOC) purchases, feeding, registering ready-to-harvest chickens, and preparing simple financial reports. The researchers also collected data through documentation, such as cash books, chicken stock summaries, income and expense records, and internal financial reporting documents. This documentation aimed to examine the CV's recording methods and evaluate their compliance with PSAK 69 principles (Nurhayati et al., 2024).

4. Results and Discussion

4.1. Research Results

CV Almarn Ligurbar Farm is a micro-enterprise engaged in Joper chicken farming (Ayam Jowo Super) located in Limbungan Village, Gunung Sari District, West Lombok Regency. Founded in October 2023 by Muhammad Haerudin, the business is categorized as a micro-enterprise. The characteristics of micro-enterprises such as CV Almarn Ligurbar Farm also reflect the reality of the majority of local chicken farms, who tend to focus more on production aspects than on administration and accounting records. Therefore, this research is important because it can provide real contributions as recommendations for improving the financial recording system for micro-enterprises, so that it is more in line with standards and supports decision-making. It also provides academic contributions in the form of a concrete case study regarding the implementation of PSAK 69 in micro-enterprises.

The selection of CV Almarn Ligurbar Farm as the research object is not only practically relevant in improving the quality of micro-enterprise governance but also provides academic value in enriching the literature on the application of biological asset accounting in the small-scale livestock sector. CV. Almarn Ligurbar Farm's primary focus is cultivating Joper chickens, which are produced through crossbreeding of purebred hens with native male chickens. Joper chickens are selected based on their high growth rate and superior meat quality, enabling them to meet growing market demand.

The rearing cycle lasts approximately 35 days, starting from the purchase of day-old chicks (DOC) until the chickens are ready for harvest. Administratively, financial records are maintained manually using daily cash books and stock recaps. This reflects limitations in the application of standardized accounting, including asset recognition. biological based on PSAK 69. From the presentation of the financial position statement above, it shows that the total value of chicken inventory in 2024 is IDR 0. The chicks purchased first will be marketed earlier. All chicks that are still alive until harvest time will be sold, so there is no remaining ending inventory, because all chicks are sold in one period. Chickens that die during the rearing process will be deducted from the existing number, and their value will be recorded as

a loss due to chicken mortality. The following is the balance sheet and income statement of CV Almarn Ligurbar Farm.

Table 1. Balance Sheet of CV. Almarn Ligurbar Farm

ASSETS		LIABILITIES AND CAPITAL	
Current Assets		**Liabilities**	
Cash	6.623.700	Accounts Payable	0
Account Receivable	0	Total Capital	0
DOC Chicken Supplies	0		
Total Current Assets	6.623.700	**Capital**	
		Capital	130.378.300
Fixed Assets		Retained earning	(7.799.602)
Land	90.000.000	Total Capital	122.578.698
Chicken Coop	15.000.000		
Equipment	(2.250.000)		
Accumulated depreciation of equipment	1.500.000		
Vehicle	(895.002)		
Accumulated vehicle depreciation	18.000.000		
Total fixed assets	115.954.998		
Total Assets	**122.578.698**	**Total Liabilities and Capital**	**122.578.698**

Source: CV Almarn Ligurbarn Farm (2024)

Table 2. Profit and Loss Report of CV Almarn Ligurbar Farm

INCOME		
Operating Revenues	40.181.400	
Total Income		**40.181.400**
COST		
feed costs	28.764.000	
The burden of chicken care and health	6.509.500	
Burden of chicken mortality	1.694.000	
Cage depreciation expense	750.000	
Equipment depreciation expense	595.0002	
Vehicle depreciation expense	1.800.000	
Load of chaff	568.500	
Electricity and gas loads	897.000	
Employee salary expenses	3.230.000	
Other expenses	113.000	
Total		**44.921.002**
PROFIT/LOSS		**-4.739.602**

Source: CV Almarn Ligurbarn Farm (2024)

Table 3. Comparison of CV Almarn Ligurbarn Farm's inventory records with PSAK 69

Aspect	Implementation at CV Almarn Ligurbarn Farm	PSAK 69
Recognition of biological assets	Not recorded as an asset	Chickens should be recognized as a biological asset from the time control is obtained and economic benefits are expected.
Measurement Method	Not counted, just as a cost record	Biological assets are measured at fair value less costs to sell.
Ending inventory recording	No, all chickens are sold at the end of the period.	If all the chickens are sold, it doesn't matter, ending inventory = 0, as long as the recording is done during the cycle.
Handling of chicken deaths	Dead chickens are only recorded physically	Dead chickens are recorded as a biological loss in the income statement.
Separation of chicken batches/ages	There is no separation of chicken age or batch groups.	Ideally there should be a classification or grouping based on biological phase.
Presentation in financial statements	Chickens only appear when sold as income	There is information on biological assets, valuation methods and changes in value.
The basis of accounting used	Cash/cost commitment approach, not economic value	Using market-based fair value
Biological Documentation	There is no documentation of growth charts or weight changes of chickens.	Recognizing the existence of biological transformation as the basis for increasing value

4.2. Discussion

4.2.1. Inventory Recording Practices

The inventory recording method used by CV Almarn Ligurbarn Farm still appears very rudimentary and does not fully adhere to standard accounting principles, particularly those outlined in PSAK 69: Agriculture. The recording system implemented at this farm uses the FIFO (First-In-First-Out) method for inventory management. This method reflects real-world data regarding the flow of chickens in and out. This can be seen in the sequential manner in which purchases and harvests are carried out. Chicks purchased on December 23, 2023, were harvested earlier on February 21, 2024, followed by chicks purchased on January 27, 2024, which were harvested on April 1, 2024, and so on until the end of the period.

The FIFO method ensures that the first chickens to enter the farm are the first to be processed and sold. This approach reduces the risk of mortality and quality degradation, and supports efficiency in inventory management. At the end of each production cycle, inventory is always zero, meaning each chick purchased is considered a separate unit and must be sold within the same cycle. Although farmers acquire new chicks before the first harvest cycle, all the chicks from the previous batch have already been sold. Purchasing new chicks doesn't affect the inventory of the already sold batch, so this management strategy ensures there are no leftover chicks after the harvest. This approach facilitates tracking and assessing the performance of each batch separately.

In the micro-scale chicken farming sector, such as at CV. Almarn Ligurbar Farm, the recording process for biological assets generally does not comply with PSAK 69. Almost all

entities still use the acquisition cost method without adjustments for changes in market value, do not record gains or losses due to fluctuations in fair value, and maintain simple manual recording without full details in the financial statements (Mutmainnah et al., 2025). Adjustments to costs for sales are also rarely made, even though this is part of the obligation under PSAK 69. This is considering that agriculture has very important, unique, and specialized assets (Hutagalung, 2023).

The following illustrates the recording carried out for only a few key activities during the production process, including:

1) Recording the purchase of DOC (Day-Old Chick), which refers to one-day-old chicks, is the initial step in the chicken rearing cycle. In practice, CV Almarn Ligurbarn Farm records DOC purchases as part of production costs. Purchase figures, unit prices, and total costs are recorded manually in a daily cash book. Proof of purchase is kept on file for administrative purposes and for calculating the final costs of each cycle. Although this activity is recorded, the approach taken is still based on cash expenditures and has not been integrated into the biological asset recognition framework. There is no recognition that the purchased DOCs are assets with the potential to grow and have economic value over the business cycle.
2) Recording of Operational Expenses (Feed, Vitamins, and Vaccines), namely expenses for chicken maintenance needs such as staple feed, vitamin supplements, vaccines, and other costs, are also recorded as operational costs. All recording is done as ordinary expenses, without taking into account the costs of added value or chicken development during the growth period (Yurniwati et al., 2018). In this case, CV does not yet have a system that can link these expenses to the increase in the value of live chickens. In other words, chickens in the process of being raised are not recognized as valuable biological assets, and there is no calculation or estimation of market value at each growth stage.
3) Recording of Chicken Sales Proceeds: Chickens are only recorded as a financial transaction after the harvest is complete and the sale is made. The selling price, number of chickens, and the total transaction value are recorded when payment is received from the buyer. There is no prior recording of the value of the chickens at harvest or when they reach market weight. In practice, PSAK 69, chickens should be valued first at fair value less costs to sell at harvest, then recognized as harvested produce included in inventory or directly recorded as revenue if sold immediately. However, in this CV, the recognition of new value is carried out after the transaction occurs, so there is no recording of the value of chickens as biological assets during the maintenance period.

The accounting practices implemented by CV Almarn Ligurbarn Farm demonstrate a clear discrepancy between actual operational conditions and the accounting standards that must be followed, particularly regarding accounting for the agricultural sector according to PSAK 69. Growing chickens should be recognized as biological assets with economic value and require periodic assessment. As biological assets grow, their quantity and quality increase (Utami & Prabaswara, 2020). The absence of recording the value of chickens during the rearing period results in the financial statements being unable to provide a comprehensive picture of the business's assets. Furthermore, because live chickens are not considered assets, there is no estimate of the value lost or increased during the production process. This situation clearly reduces the relevance, reliability, and usefulness of financial information for owners, creditors, and other external parties.

The Balance Sheet report shows that the DOC chicken inventory at the end of the period was listed at Rp0. This indicates that all chicks purchased during the period were sold before

the end of the reporting period. This dynamic occurs because of the implementation of a sales system integrated with the rearing cycle, where all chickens that are still alive until harvest are immediately sold without recording the ending inventory. Chickens that die during the rearing process are recorded as losses due to mortality, so that the remaining inventory is reduced.

The condition of "zero inventory" at the end of the production cycle implemented by CV Almarn Ligurbarn Farm demonstrates the success of the batch management strategy, because it separates the performance assessment per chick group and prevents unnecessary stock buildup. This strategy shows that managing biological assets per batch allows for easier productivity evaluation, better cost analysis, and detection of deviations in production results. Although operationally this strategy is efficient, from an accounting perspective, writing off inventory records to zero without recognizing fair value during the growing period results in potential unrecorded biological profits in that period, which is contrary to the recognition principle in PSAK 69. Thus, the application of the FIFO method by CV Almarn Ligurbarn Farm is effective for production management and quality control, but is not fully consistent with PSAK 69 regarding the recognition and valuation of biological assets. To ensure more informative and standard-compliant financial statements, entities can continue to use FIFO for physical accounting, but also need to add a fair value assessment of biological assets at the end of each reporting period. This approach will provide a clearer picture of business performance and improve the quality of information for all stakeholders. According to Scott (2011), financial information that reflects an asset's current economic value has greater value when making decisions. FIFO implementation serves to maintain production quality, but if it focuses solely on physical flow without a fair value assessment, the resulting information becomes less relevant.

The income statement reflects a loss of IDR 4,739,602. High chicken mortality and high feed costs are major challenges in CV Almarn Ligurbarn Farm's operations, directly impacting financial results and the quality of information presented in the financial statements. Over the past six months, production data indicates that 259 chickens have died, with a total estimated loss of IDR 1,694,000. The peak mortality rate occurred between April and June 2024, reaching 104. This figure not only reflects financial losses but also highlights weaknesses in biological risk management that impact business continuity. According to PSAK 69, live chickens owned by entrepreneurs are classified as biological assets and must be valued at fair value less costs to sell in each financial statement. High chicken mortality rates significantly reduce the amount of biological assets recognized, so improper recording can result in overstated asset values in the statement of financial position. High feed costs are the largest expense in the chicken rearing cycle.

According to Scott (2011), feed costs and losses due to chicken mortality in a batch should be recorded in the same period as the revenue from the related batch. If bookkeeping is done manually and separately as currently, difficulties arise in matching cost data with production results, which can reduce the relevance of information for managerial and investor decision-making. The high mortality rate that occurred from April to June 2024 not only impacted the reduction in recognized biological asset units but also affected potential future cash flows, signaling a risk that must be disclosed in the financial statement notes in accordance with PSAK 69. Without regular fair value measurements, there will be a loss of The ability to accurately estimate the impact of such losses on profitability. This requires entities to provide information on the nature of agricultural activities, valuation methods, and risks associated with biological assets. This disclosure is essential to maintain transparency and provide stakeholders with an overview of risk mitigation strategies, including improved pen management, enhanced biosecurity, and the use of quality feed.

4.2.2. Compliance Analysis with PSAK 69

In the existing accounting practices of CV Almarn Ligurbarn Farm, chickens as biological assets are not recognized and recorded in the financial statements. They are viewed only as an element of operational activities, but this is crucial for the reliability of the financial statements (Nuraini & Syah, 2025). The process of assessing the biological value of chickens is not carried out regularly; recording focuses only on expenses incurred during the rearing phase without any assessment of market value or accumulation of economic value. At the end of the period, there is no record of ending inventory because all chickens are sold directly, so revenue is only recognized when the sale transaction occurs. Chicken deaths during the care period are only physically recorded and do not receive further accounting treatment.

Furthermore, there is no separation of groups based on age or growth stage, resulting in weak control and monitoring of efficiency and productivity. Presentation of chickens in financial reports is limited to the value of their sales, with no information on the value of biological assets in progress. The applied approach emphasizes cash flow and cost commitments, rather than assessing economic value. Recording practices are also not supported by biological documentation such as growth charts or changes in chicken weight, resulting in very limited information for managerial decision-making and operational performance assessment (Alfiani & Rahmawati, 2019). In the business sector, challenges always arise due to unpredictable uncertainties, which have the potential to cause losses for the business. This also applies to micro-enterprises with limited capital, which face risks that can cause operational disruptions, financial losses, and even bankruptcy (Utamie, 2025).

Under PSAK 69, chickens as biological assets must be recognized from the moment the entity obtains control over the animals and there is a reasonable assurance that future economic benefits will flow. This recognition establishes chickens as assets on the balance sheet, not simply as part of an operating entity. These biological assets are valued at fair value less estimated costs to sell, thus reflecting the relevant economic value for users of financial statements (Riski et al., 2019). Recording ending inventory is not a problem even if all chickens are sold at the end of the period. The most important thing is that all transactions and biological changes during the production period have been accurately recorded. This way, the asset value can be reconstructed and reporting remains valid. The death of chickens during their lifetime is considered a biological loss that is recognized directly in the income statement, allowing management to account for and analyze this loss information. To ensure reliable recording and reporting, it is recommended that chickens be separated by group or biological stage, such as starter, grower, and finisher. This separation helps in assessing fair value and controlling productivity and biological risk.

Information about biological assets should be presented in financial statements Productivity and biological risk. Financial reports must clearly present information about biological assets, including the valuation method used, key assumptions in estimating fair value, and changes in the value of biological assets from one period to the next. The accounting basis used is market-based fair value, where biological changes such as weight gain, age progression, and mortality rates are important factors in determining value increases or decreases (Dimitrova & Velcheva, 2016). Therefore, biological documentation such as growth charts, regular recording of chicken weights, and other biological data is crucial to demonstrating changes that affect the economic value of chickens. This approach not only increases transparency and accountability but also supports more accurate, data-driven managerial decisions that focus on the long term, enabling sustainable growth (Septianah et al., 2025).

Based on PSAK 69, chickens in the rearing period must be recognized as biological assets and measured at fair value less costs to sell. The implication for the comparison of the data above is that CV Almarn Ligurbarn Farm has very limited information because it has not met the recognition standards of PSAK 69. The financial statements do not reflect actual economic conditions such as the income statement because there is no biological documentation so it cannot measure profits/losses accurately. There is no estimate of the potential market value of the unrecognized value difference because it is not followed by recording of changes in value during the cycle. This inconsistency indicates that CV Almarn Ligurbarn Farm has not fully adopted the biological accounting principles stipulated in PSAK 69. In PSAK 69, all activities related to the management of biological assets in this case live chickens must be recorded and presented using a fair value approach, not only based on historical costs or expenses during the rearing phase. The reality in the field shows that chickens still in the rearing process are not recorded as biological assets. Records are only made related to purchase transactions (DOC, feed, medicine) and final sales, without Recognition of changes in the economic value of live chickens during their growth period creates a discrepancy between actual conditions in the field and the accounting representation in the financial statements. As a micro-entity, CV Almarn Ligurbar Farm has the option of using SAK EMKM or SAK ETAP. Both standards are simpler and typically rely on historical costs. The historical cost approach in agriculture can risk ignoring market price fluctuations, rendering financial statements less meaningful to external parties.

Assets that should have significant value, namely live chickens in their rearing period, are not reflected in the balance sheet (Nuraini & Syah, 2025). This also creates an information disadvantage for business owners, potential investors, business partners, and financial institutions seeking to assess the financial viability of the business. Furthermore, the lack of fair value data for biological assets also deprives entrepreneurs of the opportunity to recognize potential biological gains or losses arising from changes in market prices or chicken condition. This means not only is compliance with standards neglected but also the potential for decision-making based on quality financial information is hampered (Bova, 2016). Therefore, it is crucial for CV Almarn Ligurbarn Farm to adjust its recording and reporting system to align with PSAK 69. While micro-entities are allowed to apply the simpler PSAK ETAP or SAK EMKM, adopting PSAK 69 represents a more strategic choice, particularly for chicken farming businesses.

PSAK ETAP and SAK EMKM are general in nature and regulate asset accounting broadly without specifically addressing changes in the value of biological assets due to growth, reproduction, and sales (Nurlita et al., 2024). In contrast, PSAK 69 clearly accommodates the unique nature of biological assets and requires measurement using fair value less costs to sell. With this approach, entrepreneurs can demonstrate the value of chickens that reflects current market conditions, thus making financial statement information more relevant, clear, and useful for stakeholders (Triyani et al., 2018). This situation is understandable because entities are not legally obligated to follow PSAK 69 and can choose simpler standards such as PSAK ETAP or SAK EMKM. Furthermore, a lack of accounting education, limited human resources and technology, volatile chicken prices, and a primary emphasis on livestock operations are factors that hinder businesses from adopting PSAK 69.

4.2.3. Barriers to Implementing PSAK 69

In a managerial context, PSAK 69 offers strategic advantages in the decision-making process, particularly in responding to changes in chicken prices and assessing production efficiency. On the other hand, recording based on PSAK ETAP/SAK EMKM has the potential to overlook significant increases or decreases in value during the rearing period, resulting in

financial performance results that less accurately reflect the true economic conditions. For farms focused on expansion, gaining access to capital, or collaborating with external parties, implementing PSAK 69 also enhances the credibility of financial reports because it aligns with international best practices (IFRS Foundation, 2018). Therefore, although PSAK 69 requires a more complex process than PSAK ETAP or SAK EMKM, its implementation offers significant strategic advantages in improving the quality of financial reports, strengthening competitive positions, and creating broader collaboration opportunities. Implementing PSAK 69 in the livestock sector, particularly in the MSME sector like CV Almarn Ligurbarn Farm, faces various real challenges, including structural, technical, and human resources challenges. The following are some of the main inhibiting factors identified through this research:

1) The limited availability of accounting experts is one of the main challenges in implementing PSAK 69 at CV Almarn Ligurbarn Farm. This is due to the lack of human resources (HR) with sufficient accounting skills. Currently, all financial and operational records are maintained by the owner and one employee with a background outside of accounting, without formal training in financial accounting standards, particularly PSAK 69, which relates to the agricultural sector (Azzahra et al., 2020). This situation results in a lack of understanding of the concept of biological assets, fair value, and accounting methods for chickens under care. In practice, employees only record transactions based on cash and physical reports, without considering the economic value of live animals. Without the participation of accounting professionals or external technical assistance, it is difficult for the entity to consistently implement PSAK 69. This impacts the quality and reliability of the resulting financial reports.
2) The lack of daily chicken market price data is a major factor in the implementation of PSAK 69, which is the valuation of biological assets based on fair value less costs to sell (Suryaningrum, 2023). However, in reality, CV Almarn Ligurbarn Farm does not have access to daily or weekly chicken market price data that can be used as a reference for fair valuation. The lack of standardized, confirmed, and consistent historical market price data makes the process of assessing the value of live chickens challenging in accounting. Most farmers rely solely on prices from middlemen or collectors when making sales, which are often unstable and cannot be used as a reference for market value in financial statements. This situation leads to inconsistencies in reporting and the inability to calculate biological profits or losses during the chicken rearing period. As a result, the true economic value of the farming activity cannot be reflected in the financial statements.
3) The manual recording method is one of the main obstacles. CV Almarn Ligurbarn Farm still applies a manual recording method using cash books and physical documents. This recording process is limited, slow, and makes it difficult to verify or accurately summarize financial reports. Under these conditions, the application of fair value-based accounting standards, which require regular monitoring and dynamic recording of assets, becomes very difficult. Manual recording limited to cash and physical records risks producing reports that only present past information without updating the value of biological assets, thus reducing their relevance (Scott, 2011). The application of this principle requires timely, responsible, and well-organized recording so that changes in the value of biological assets during a certain period can be identified. Using a manual method makes this procedure slower, increases the possibility of errors, and is difficult to verify, making periodic fair value measurements almost impossible.

The three aforementioned obstacles collectively create a gap between the recording practices at CV Almarn Ligurbarn Farm and the provisions of PSAK 69. This not only results in non-compliance with accounting standards, but also reduces the credibility and accountability of financial reports as a tool for decision-making. In the long term, this business has the potential to face difficulties in obtaining funding sources, establishing business partnerships, and facing the risk of losing economic value that should be officially recognized. These points indicate that the implementation of PSAK 69 at CV Almarn Ligurbarn Farm faces significant structural and technical challenges, stemming from limited human resources, minimal access to accurate market price data, and manual recording methods. The absence of accounting expertise leads to a lack of understanding of the concepts of fair value and biological assets, while the lack of consistent chicken market price data makes fair valuations unreliable. In addition, the recording system, which still uses manual methods and is based on cash and physical documents, hinders the entity's ability to conduct routine monitoring and more responsive reporting of asset values. The combination of these various obstacles has an impact on the low relevance, reliability and conformity of financial reports with the principles of PSAK 69, so that the true economic value of livestock activities is not fully reflected in the reports produced.

5. Conclusion

The failure to record chickens as biological assets during their growth period at CV Almarn Ligurbarn Farm significantly impacts the validity and reliability of the resulting financial statements. Based on PSAK 69, chickens undergoing the care process, including the initial, intermediate, and pre-harvest phases, are recognized as active biological assets that experience changes in both quantity and quality, so they should be recognized and valued in accounting. However, the reality in the field indicates that these chickens are viewed only as part of the production process, without official recognition as assets in the statement of financial position.

Another implication also touches on managerial aspects, where the lack of accurate data on biological value makes it difficult for managers to develop appropriate business strategies, including cost control, pricing, and profit projections. Therefore, recording practices that do not comply with PSAK 69 not only affect the credibility of financial reports but also pose strategic risks to business continuity. Suggestions for improvement for chicken farmers include clearly marking chickens under care as biological assets in the accounting system, conducting fair value assessments based on local market prices that can be updated periodically, recording changes in the value of live chickens during the growth period as biological gains or losses, and preparing a statement of financial position that includes biological assets as part of the entity's total assets.

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