

ANALYSIS OF THE APPLICATION OF PSAK 69 ON BIOLOGICAL ASSETS AT PT AUSTINDO NUSANTARA JAYA Tbk.

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Abstract

This research aims to analyze the theory and practice of preparing financial statements carried out, especially on the recognition, measurement, and disclosure of biological assets. This research is a case study of PT Austindo Nusantara Jaya Tbk. (ANJ). The method used in this study is a qualitative research method where the data source in this study is secondary data, namely the financial statements and annual reports of PT Austindo Nusantara Jaya Tbk. (ANJ). The data analysis technique used in this study is a descriptive method of comparative qualitative approach. According to the Financial Report of PT Austindo Nusantara Jaya Tbk. (ANJ) in 2020, it shows that biological assets lie in current assets. This means that the asset has a useful life or undergoes a biological transformation in less than a year. Meanwhile, biological assets are measured by fair value minus costs for sale. The estimated fair value of biological assets will increase (decrease) if: (1) The estimated price of tbs and edamame beans is higher (lower), (2) The estimated yield is higher (lower), and (3) The estimated cost of maintenance, harvest, and transportation is lower (higher). PT Austindo Jaya Nusantara Tbk. has recognized all its biological assets with reference to the realization of production. Thus, the asset is recognized in the harvested crop.

Keywords: Agriculture, Biological Assets, Financial Statements, PSAK 69

1. INTRODUCTION

Agriculture comprises of two etymologically distinct words: *agri* or *ager*, which means land, and *culture* or *kolore*, which denotes administration. Agriculture as land management is meant to assist animal and plant life, while the land is used as a location for management activities that are beneficial to human survival (Kanianska, 2016). Another opinion defines agricultural accounting as the human activity of managing and raising plants and animals to obtain products or economic outcomes (Henle et al., 2008).

Indonesia is one of the world's largest archipelagos, with vast natural resources and cultural variety. These natural resources are well-developed and growing, thanks to the State of Indonesia's geographical advantages. The agricultural industry supports the Indonesian economy as an agricultural and maritime country. Livestock, plantations, fisheries, forestry, horticulture, and floriculture are all sub-sectors of the agricultural sector (Ardiana & Agustina, 2021). Agriculture-related businesses have assets such as cattle and plantation crops, which require more complex regulation than other assets. The assets will then be managed in order to make a profit. According to Indonesian Accounting Association, agricultural enterprises are always undergoing rapid and increasingly dynamic development

(IAI, 2016). As a consequence, Indonesia is regarded as a country with significant economic potential and market economy chances for other nations.

Agricultural accounting in Indonesia is governed by PSAK 69, which governs the treatment of accounting in relation to agricultural activities, including recognition, measurement, and disclosure. PSAK 69 is a guideline that explains agricultural treatment standards as well as agricultural accounting and biological assets disclosures. PSAK 69 also controls the alterations that biological assets go through, such as growth, reproduction, degeneration, and procreation (Darmanto, 2016). Some of the terminology used in this statement are defined in PSAK 69. PSAK 69 governs biological assets and agricultural goods in general. On first recognition and at the end of each financial reporting period, it is recognized if it meets some of the same requirements as assets at fair value less expenses to sell.

Biological assets are animals or plants that undergo a biological change to produce products that will be further processed or consumed (Adita & Kiswara, 2012). Due to the biological transformation, companies engaged in agriculture must make a measurement to measure the value of assets fairly in accordance with their effects to generate profits for the company. Biological assets are treated differently than other assets such as land, buildings, etc., due to their unique characteristics. Biological assets gain in value as a result of their growth processes (PSAK 69). Therefore, financial reporting standards must adhere to the following criteria: readability, relevance, materiality, reliability, comparability, completeness, content of financial statements, sound judgment, consistency in reporting, and a balance between sacrifices and results (Michelon et al., 2020).

PT. Austindo Nusantara Jaya Tbk. (ANJ) is a company engaged in agriculture. PT. Austindo Nusantara Jaya Tbk, which is located in South Jakarta, has four core businesses, namely, palm oil, edamame, sago, and renewable energy. Currently, the company is leveraging its recognized capabilities in best agronomic practices, innovation and efficiency to develop new agribusiness businesses in the harvesting and processing of sago and vegetables. Sago and vegetables managed by PT. Austindo Nusantara Jaya Tbk is a type of biological asset, namely assets that have unique characteristics. With the existence of biological assets owned by the company, the company must treat assets in the right way, especially in terms of measurement, presentation and disclosure to avoid misstatement of information in the financial statements.

2. LITERATURE REVIEW

Economic activity in the agricultural sector is the most important pillar sector of the Indonesian economy as a developing country. Indonesia is called an agrarian country because most of the Indonesian population is engaged in agriculture and agricultural activities. Based on data from the Central Statistics Agency, the GDP of the agricultural sector in the fourth quarter of 2020 was 2.59% year on year. In addition, GDP in the plantation sector also grew by 1.13% (Suharyanto et al., 2020).

Based on previous studies related to the application of PSAK 69 on biological assets, it is explained that the accounting treatment of biological assets at UD Ternak Mandiri is similar to the accounting treatment of fixed assets in the form of land where the initial recognition of biological assets is recognized at the cost or market price of biological assets and subsequent measurements using the cost without deducting accumulated depreciation

because the company does not recognize depreciation on biological assets (Anggraini, 2022). In the study of Ali Al-Sharafat (2016), developing agricultural accounting procedures to be used by managers or owners of farms is an important issue that must be considered. In the study of Soliwoda et al. (2016), the experience of European Union countries shows that the basic or simple accounting used by farmers is accounting for income taxation which can be modified and used as a tool for agricultural financial management.

PSAK 69 is a financial accounting standard in Indonesia that regulates biological assets referring to International Accounting Standard (IAS) 41. PSAK 69 was ratified on December 16, 2015 and has been effective since January 1, 2016 by the Financial Accounting Standards Board (DSAK). PSAK 69 Agriculture is applied for recording matters relating to agricultural activities. PSAK 69 on biological assets explains that agricultural companies do not recognize plantation crops as biological assets, but fixed assets and PSAK 69 reveals that the description of biological assets groups and the value of gains/losses arising from the use of fair value.

Agriculture in Indonesia has its own way of valuing biological assets (Kurniawan et al., 2014). Agricultural companies have biological assets that are unique compared to other accounting assets because they experience growth or change over a certain period of time. The asset will be transformed after generating an output. Based on PSAK 69, biological transformation consists of processes of growth, degeneration, and procreation that result in qualitative or quantitative changes in biological assets.

2.1 Asset

Assets are a very important part of a business. The assets owned by each entity must be different, even though the company has the same activities. If an entity does not have assets, then the entity cannot operate. Asset is a resource that is in the control of the entity as a result of past events and is then used to achieve general objectives for the entity and can generate future economic value (Sutrisno, 2021). According to Hilmi & Martani (2012), assets are resources controlled by an entity as a result of past events or activities and sourced from which future economic benefits are expected to be obtained.

2.2 Biological Asset

Based on PSAK 69, Biological assets are living animals or plants. Biological assets are assets that exist within the entity where living animals or plants undergo biological transformation and produce outputs or outputs in the form of changes in assets or agricultural products. Agricultural products are products harvested from biological assets (PSAK 69). Examples of biological assets are sheep, forest timber plantations, rubber trees, dairy cows, sugarcane, shrubs, and fruit trees. Besides that, there is the release of the product from the biological asset or the termination of the biological asset's life process called harvesting. The harvested products include wool, logs, rubber latex, milk, harvested sugar cane, leaves, and fruit.

2.3 Recognition and Measurement of Biological Assets

Based on PSAK 69 (2016), biological assets or agricultural products can be recognized by an entity if, and only if :

- a) the entity controls a biological asset as a result of past events or activities,

- b) it is probable that future economic benefits from the biological asset will flow to the entity, and
- c) a fair value or cost of a biological assets can be measured reliably.

The measurement of biological assets from agricultural products is based on initial recognition, but also at the end of each reporting period at fair value less sacrifices or costs when the assets are sold. The existence of a fair value measurement of biological assets or agricultural products can be supported by providing a grouping of biological assets or agricultural products according to significant attributes (e.g., based on age or quality).

A biological asset is included in profit or loss in the period in which the gain or loss occurs. Gains or losses may arise at the time of initial recognition of agricultural products as a result of crop yields.

2.4 Biological Asset Disclosure

Based on PSAK 69, an entity shall disclose that the gain or loss that arises during the initial recognition period of biological assets and agricultural products and from a change in fair value is reduced by costs to sell biological assets. Disclosures required in entities that describe each class of biological assets can be in the form of narrative or quantitative descriptions. It is preferable to provide a quantitative description of each group of biological assets, so as to distinguish between consumable biological assets (biological assets to be harvested as agricultural products or sold as biological assets, for example fish farming, harvested crops) and productive biological assets (assets other than assets). Biological assets that can be consumed, for example fruit trees that produce fruit for harvesting), or between mature biological assets (assets that have reached specifications for harvest or are capable of producing a sustainable harvest) and those that are not yet yielding. Such grouping of biological assets can provide information that may be useful in assessing the timing of future cash flows. Biological assets are not just products of agriculture, but are actually owned for the purpose of obtaining agricultural products.

3. RESEARCH METHOD

The method used in this study is a qualitative research method where this study describes the object based on the data that has been obtained and collected. The results of the data are collected, classified and interpreted. This study uses secondary data sources. Secondary data in this study are the financial statements and annual reports of PT Austindo Nusantara Jaya Tbk. (ANJ) which can be accessed at www.anj-group.com/id/laporan-keuangan.

The data analysis technique used in this research is a descriptive method with a comparative qualitative approach. Comparative qualitative analysis was conducted at PT Austindo Nusantara Jaya Tbk. (ANJ) in the form of theoretical and practical analysis of the preparation of financial statements, especially in the recognition, measurement and disclosure of biological assets.

4. RESULT AND DISCUSSION

In general, biological assets or agricultural products are regulated in PSAK 69. This is recognized when it meets some of the same criteria as the criteria for recognizing assets measured at initial recognition and at the end of each financial reporting period at fair value less costs to sell. Biological assets are plants and animals as long as they are still alive, while agricultural products are the result of harvesting from biological assets, and harvesting is the separation of production from biological assets or the termination of the life process of a biological asset.

4.1 Agricultural Accounting at PT Austindo Nusantara Jaya Tbk. (ANJ)

There is nothing that distinguishes accounting in general with agricultural accounting. Agricultural accounting also includes recognition, measurement, and disclosure. The difference between the two is that there is a biological transformation in agricultural accounting. For this reason, every company engaged in the agricultural sector must pay close attention to preparing its financial statements. Biological transformation is the result of the existence of biological assets that undergo a process of growth, degeneration, production, and procreation in biological assets. Therefore, it is clearly affecting the quality or quantity of existing biological assets.

4.1.1 Biological Assets at PT Austindo Nusantara Jaya Tbk. (ANJ)

Financial Report of PT Austindo Nusantara Jaya Tbk. (ANJ) in 2020 shows that biological assets lie in current assets. This means that the asset has a useful life or undergoes a biological transformation in less than one year. Biological assets consist of agricultural products grown on productive crops up to the point of harvest, namely Fresh Fruit Bunches grown on mature oil palm plantations and edamame nut plantations. Biological assets at PT Austindo Nusantara Jaya Tbk are measured at fair value less costs to sell. Gains or losses resulting on initial recognition and changes in fair value are recorded in profit or loss in the period in which they occur.

4.1.2 Valuation of Biological Assets at PT Austindo Nusantara Jaya Tbk. (ANJ)

The fair value of Fresh Fruit Bunches biological assets is estimated based on the projected harvested amount and market price of Fresh Fruit Bunches at the statement of financial position date, net of depreciation costs, maintenance and harvest costs, and estimated costs to sell. Estimation of the fair value of this biological asset is highly dependent on several factors including weather, prices, and related costs at harvest. The estimated fair value of a biological asset will increase (decrease) if :

- a) Price estimates for FFB and edamame nuts are higher (lower);
- b) Estimated yields are higher (lower); and
- c) Lower (higher) estimates of maintenance, harvest, and transportation costs.

4.2 Application of PSAK 69 at PT Austindo Nusantara Jaya Tbk.

4.2.1 Biological Asset Recognition

According to PSAK 69, biological assets are recognized when: the entity controls a biological asset as a result of a past event; it is probable that the future economic benefits associated with the biological asset will flow to the entity; and the fair value or cost of a biological asset can be measured reliably.

PT Austindo Jaya Nusantara Tbk. has recognized all of its biological assets with reference to production realization. That is, the asset is recognized on the crop that has been harvested. The actions taken by this company are in accordance with its implementation with PSAK 69.

4.2.2 Measurement of Biological Assets

It should be noted that in agricultural accounting as stipulated in PSAK 69, assets must be measured at initial recognition and at the end of each reporting period at fair value less costs to sell. In this company, biological assets are measured at fair value less costs to sell. The company has complied with its implementation with what is written in PSAK 69.

4.2.3 Biological Aset Disclosure

PSAK 69 clearly regulates the entity disclosing the combined gain or loss arising during the initial recognition period of biological assets and agricultural products from changes in fair value less costs to sell biological assets. In this company, the biological assets disclosed are in accordance with what is written in PSAK 69.

5. CONCLUSION

PT Austindo Nusantara Jaya Tbk. (ANJ) is a holding company that is directly and through subsidiaries involved in the production and sale of crude palm oil, palm kernel, palm kernel oil and other sustainable food crops, and renewable energy. The company has four core businesses, namely palm oil, edamame, sago, and renewable energy. PT Austindo Nusantara Jaya Tbk. (ANJ) is engaged in the plantation sector. It is certain that in making financial statements, this company must apply PSAK 69 on agricultural accounting including disclosure of biological assets.

This research analyzes the theory and practice of preparing financial statements carried out, especially on the recognition, measurement, and disclosure of biological assets where it is known that the financial statements of PT Austindo Nusantara Jaya Tbk. (ANJ) in 2020 show that biological assets are located in current assets. This means that the asset has a useful life or undergoes a biological transformation in less than a year. Biological assets are measured by fair value minus costs for sale. The estimated fair value of biological assets will increase (decrease) if: (1) The estimated price of tbs and edamame beans is higher (lower), (2) The estimated yield is higher (lower), and (3) The estimated cost of maintenance, harvest, and transportation is lower (higher). PT Austindo Jaya Nusantara Tbk. has recognized all its biological assets with reference to the realization of production. Thus, the asset is recognized in the harvested crop.

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