



Accounting treatment analysis of agricultural activities in presenting financial statements based on PSAK 69

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ABSTRACT

Agricultural activity is a type of operational activity carried out by an entity to manage biological transformation and harvested biological assets to be sold or converted into agricultural products. In biological transformation, measurement is needed, which shows the value of a biological asset in fair value with the entity's economic benefits. PSAK 69 concerning agriculture has been approved by the Indonesian Financial Accounting Standards Board (DSAK IAI), and its implementation becomes effective as of 1 January 2018. PSAK 69 Agriculture regulates the accounting treatment and disclosures related to agricultural activities. This research was conducted to determine the accounting treatment of agricultural activities and the implementation of PSAK 69 to PT IJ, which is one of the entities whose business activities are engaged in the exploitation of industrial plantations. This study used qualitative research methods with interpretive paradigms and ethnology approaches. Data analysis techniques were used at the time of data collection in observations, interviews with informants, and collecting documents in financial statements supporting data research. Based on the research conducted, the discussion results signify that the accounting treatment of agricultural activities at PT IJ in recognition, measurement, recording, presentation, and disclosure is in accordance with PSAK 69 concerning agriculture.

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Introduction

Business in the agricultural industry currently experiences rapid growth. Several factors can influence these developments, such as the new advancements in agricultural technology, increasing demand for agricultural products, the existence of a new economic era, the ASEAN free trade market, and the emergence of regional autonomy that impacts the management of agricultural products. Furthermore, the public's increasing demands for transparency and accountability are in line with the development of the advancement to the information access facilitated by the existence of communication and information technology, which continues to develop with various facilities provided.

Therefore, the agricultural industry needs a management tool that is useful in making decisions. An example of a commonly known and used management tool can be financial statements. The need for financial statements is also very vital for various parties. For example, it is needed by management to determine the steps taken in making the company's economic decisions. Investors also need financial statements to assess whether the company will benefit them in the future.

In general, it can be concluded that a financial statement can be categorized to be good if it can provide reliable, complete, comparable, and relevant information. Considering the vital role of financial statement, the entity should prepare it correctly, properly, fairly, and according to predetermined standards. This is necessary to reduce information asymmetry or differences in the information received by users of financial statements.

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Therefore, in preparing financial statements, the selection and use of accounting methods and policies need to be considered. The accounting methods and policies used must be adjusted to the entity's type of industrial business. Different types of industrial enterprises and the scale of the entity's activities may lead to differences in the selection and use of accounting methods and policies. In various kinds of industries with different characteristics, differences in the use of accounting policies and methods are very likely to occur. The uniqueness of the industries can be found in accounting policies, accounting treatment of assets, capital structure, management of products processed by the entity, or other things.

Assets owned by companies in the agricultural industry have unique characteristics, in contrast to companies engaged in other sectors. The differences in these characteristics can be seen from management activities and biological transformation that occurs in plants to produce other assets or products that can be used directly or can be further processed. In general, companies engaged in forestry and plantation sectors have a large enough possibility to submit information in financial statements to be more biased than companies in other fields because of their unique characteristics. Especially in terms of recognition, measurement, recording, presentation, and disclosure regarding its fixed assets. However, companies engaged in the agricultural industry have assets that have unique characteristics. These assets are biological assets.

In PSAK 69, the definition of a biological asset is a live animal or plant. However, this meaning contradicts the definition of productive plants that include in the scope of PSAK 16 regarding fixed assets. Therefore, what is meant here is a product that grows on productive plants.

In the agricultural industry, assets are one of the most interesting parts. In contrast to manufacturing companies in general, companies engaged in the agricultural industry have assets in the form of living things (animals and plants). The accounting treatment process starts from recognition, measurement, recording, presentation, and disclosure the assets that are generally inanimate objects. A more detailed understanding of biological assets is needed because there are different classifications in PSAK 69 regarding Agriculture, which is a unique standard. If other standards have asset classifications in the form of buildings, machines, vehicles, etc., PSAK 69 is actually a standard that regulates the accounting treatment of biological assets (live plants or animals) and agricultural products owned by the entity.

The existence of PSAK 69 has the objective of regulating the accounting treatment performed by entities when it comes to agricultural activities. Agricultural activity itself is an entity's activity to manage the growth, decline, production and procreation processes that trigger quantitative and qualitative changes in biological assets and are harvested from biological assets owned by the entity for sale or for use as additional biological assets.

The PSAK 69 has the objective of regulating the accounting treatment performed by entities regarding agricultural activities. The agricultural activity itself is an entity's activity to manage the growth, decline, production, and procreation processes that trigger quantitative and qualitative changes in biological assets and are harvested from biological assets owned by the entity for sale or use as additional biological assets.

The implementation of a new standard on agriculture in Indonesia can create difficulties for companies that need to implement it, where the rule is an implementation of an international arrangement that may not necessarily be fully applicable to companies whose business is related to agriculture in Indonesia.

The impact of the application of PSAK 69, which became effective as of January 1, 2018, is that the companies need to adjust to these regulations. So it is necessary to make adjustments made by the company in its implementation. Companies must be careful in measuring, recognizing, presenting, and disclosing the things regulated in PSAK 69 to provide reliable, relevant, easy to understand, and comparable financial statement. The implementation of the new rules made by PT. IJ experienced obstacles in implementing it, especially in recognizing that needed to be done for its agricultural products, especially rubber latex products. This is because rubber latex is an agricultural product in productive plants, so it is not easy to know its value. Besides, there are also constraints in measurement at fair value using the value in active markets.

Determine the fair value of an asset or liability held requires active market-based measurement from the commodity that intends to sell or plan to own. Therefore, using fair value can estimate where the orderly transaction to sell the asset or transfer of the liability occurred between market participants at the measurement date. Measurements of biological assets made using fair value are sometimes subject to constraints, particularly in the first year, when the entity recognizes the biological assets. The evaluation of biological assets in the first year after planting is very likely to experience losses because these biological assets will cost more and are deemed unsuitable for sale. Even if there is value in the plant, they will not exceed the entity's costs.

Literature Review

Theoretical and Conceptual Background

Signaling Theory

According to Brigham and Houston (2011:185) signal is an action of corporate management that instructs investors on how to manage the company's prospects. This signal is an information related to things that companies do to realize public needs. Information

announcements to users have a good picture in the future. PSAK 69 can improve the quality of reporting information and provide more accountable information in the company's progress so that it will be a positive signal for its users. Adequate and untrustworthy information is a positive signal of the company that can provide an advantage to attract investors and improve the reputation for the company.

Agricultural Activities

Agricultural activity is an activity carried out by an entity in the form of management and cultivation of plants owned by the entity and will provide benefits in the future. According to the Statement of Financial Accounting Standards (PSAK) No.69 Regarding agriculture, agricultural activity is the activity to help manage the biological transformation and harvesting of biological assets carried out by the entity for sale or to be converted into agricultural products or used as additional biological assets for the entity (Indonesian Accountants Association, 2015)

There is also an understanding of agricultural activities from International Accounting Standards (IAS) 41, as following "*Agricultural activity is the management by an entity of the biological transformation and harvest of biological assets for sale or conversion into agricultural produce or additional biological assets.*" (International Accounting Standards Board, 2016)

So, it can be concluded that agricultural activities are management carried out by companies to transform biology and also to harvest biological assets owned by the company, whether to be sold as products of the company or used as additional biological assets for the company.

Agricultural activities include a wide range of activities, including animal husbandry, gardening and plantation cultivation, fish farming, flower cultivation, seasonal or annual crops, and forestry. Therefore, certain general characteristics address this diversity, which is expressed in PSAK 69, as follows: 1. The ability to change. Living animals and plants are capable of carrying out biological transformations; 2. Change management. Management supports biological transformation by enhancing, or at least stabilizing, the conditions necessary for these processes to occur (for example, nutrient levels, humidity, temperature, fertility, and light). Such management distinguishes agricultural activities from other activities. For example, the process of replacing crops from unmanaged sources is not an agricultural activity (such as marine fishing and logging); and 3. Measurement of change. Changes in quality (for example, genetic advantage, density, maturity, fat content, protein content, and fiber strength) or quantity (for example, heredity, weight, cubic meter, length or diameter of fibers, and a number of shoots) produced by the transformation biological or harvest is measured and monitored as a routine management function.

Biological Assets

Biological assets are a type of asset in the form of animals and living plants, such as those defined in IAS 41: "A biological asset is a living animal or plant." (International Accounting Standards Board, 2016) This biological asset is an asset owned by an entity in the form of plants and or animals. As assets generally have characteristics, these biological assets are also the result of economic events that the entity has carried out in the past. They are controlled or fully owned by the entity and are also expected to benefit the entity in the future. The following is the table in PSAK No. 69, which provides examples of biological assets, agricultural products, and processed products after harvest.

Table 1: Examples of biological assets, agricultural products and processed products after harvested

| Biological assets | Agricultural products | Processed products after harvested |
|-----------------------|-----------------------|------------------------------------|
| Lamb | Wool | Thread, carpet |
| Tree in timber forest | The felled tree | Logs, timber |
| Dairy cows | Milk | Cheese |
| Pigs | Pork | Sausage, Ham (Bacon) |
| Cotton plant | Cotton | Yarn, clothes |
| Cane | Sugarcane | Sugar |
| Tobacco plant | Tobacco leaves | Tobacco |
| Tea plant | Tea leaves | Tea |
| Grapevine | Grapes | Wine |
| Fruit crops | Picked fruit | Processed fruit |
| Palm tree | Fresh fruit bunches | Palm oil |
| Rubber tree | Rubber latex | Rubber products |

Source: PSAK 69 (2015, par 4)

Fair Value

Fair value is a method of measuring an asset or a liability based on market prices. According to the Statement of Financial Accounting Standards No.68 regarding fair value measurement (2016, paragraph 9), fair value has a definition as the price to be received from

selling an asset or the price to be paid to transfer a liability in an orderly transaction between market participants on the measurement date (Indonesian Accountants Association, 2016).

Meanwhile, there is another definition of fair value. It refers to measurement with a fair market value that is usually used to revalue intangible assets, property, plants, equipment, and property investment, sometimes for categories called biological assets valued based on this value (Yadiati, 2007, p.66). According to Martani et al, (2015, p.436) the definition of fair value is the amount of an asset that can be exchanged or a liability is settled between parties who are willing and have sufficient knowledge in a fair transaction.

Fair value measurements are usually used for specific assets or liabilities. The measurement of fair value requires considering the characteristics of the asset or liability on a market-based basis to determine the asset or liability price at the measurement date. An asset or liability's characteristics include the condition and location of the asset and restrictions on the asset's sale or use, if any.

The fair value uses a hierarchy to categorize the inputs used in the valuation technique into three levels. These inputs are the assumptions used by market participants when they are going to price an asset or a liability. The three input levels are: Input level 1 is the quoted price (unadjusted) in an active market for identical assets or liabilities that the entity has access to at the measurement date. Prices on active markets provide the most reliable evidence of fair value and are used without adjustment; Level 2 input is input other than prices included in level 1, which can be observed for assets and liabilities, either directly or indirectly. At level 2, inputs include: 1. Quoted prices for similar assets and liabilities in active markets; 2. Quoted prices for identical assets and liabilities in an inactive market; and 3. Inputs other than quoted prices that can be observed for assets or liabilities; this level 3 input is an unobservable input for an asset or liability. These inputs are used to measure fair value to the extent that relevant observable inputs are not available. The use of these unobservable inputs makes it possible to have little, if any, market activity for the asset or liability at the measurement date. The entity determines which inputs cannot be observed using the best available information under the conditions. Below is a table describing the levels of the fair value hierarchy and the example.

Table 2: Fair Value Hierarchy

| Level | Characteristics | Contoh Example |
|---------|---|--|
| Level 1 | Observable | The LQ45 stock price index on the Indonesia Stock Exchange |
| | Quoted price in active market (without adjustment) | Agricultural commodity futures contract prices on the Futures Exchange |
| Level 2 | The quoted price in an active market for a similar item | The bid price provided by the dealer for illiquid securities and the dealer is ready and able to transact |
| | Quoted prices for identical or similar items, there is no active market | |
| Level 3 | Unobservable input | Data generated by the company itself |
| | Still needed a market perspective | The value generated from the model is made with management assumptions, which cannot be linked to available and observable market data |

Results and Discussion

Accounting Treatment of Agriculture Activities

Agricultural activities are the types of operational activities that an entity performs for managing biological transformation and harvesting of biological assets, which is subject to special accounting treatment in PSAK 69 on agriculture. Based on PSAK 69, agricultural activities include various activities, one of which is forestry, as stated in paragraph 6. PT. IJ is an entity whose business activities are engaged in the exploitation of industrial plantation forests. Therefore, the accounting treatment performed by PT. IJ is recommended to be carried out in accordance with PSAK 69 on agriculture. Accounting treatment for agricultural activities takes steps from recognition, measurement, recording, presentation, and disclosure. The recognition of agricultural activities includes the classification of an item in the form of numbers and words in the company's financial statements. Measurement is the calculation of the value of an item. The recording is in the form of recording activities carried out as costs according to the measured value. The presentation means presenting information from all financial components in the financial statements. The disclosure is a description and explanation of the components contained in the financial statements.

Recognition

Accounting treatment for agricultural activities is carried out by recognizing the results of agricultural activities, which can be in the form of productive plants, biological assets, and agricultural products. Therefore, the recognition of agricultural activity can be said as an initial stage that affects the value of biological assets.

Table 3: Agricultural Activity Recognition Matrix

| NO. | Based on PSAK 69 | Implementation of PT IJ |
|-----|--|--|
| 1. | The entity can recognize a biological asset or agricultural product if: it controls the biological asset as a result of past events; the future benefits associated with the biological asset will probably flow to the entity, and the fair value or cost of biological assets can be measured reliably | PT. IJ admits that the plants he owns are sengon plants as biological assets and rubber plants as productive plants that are divided into immature plants and mature plants. Meanwhile, PT. IJ does not recognize agricultural products. |
| 2. | Biological assets are classified as either generating or immature biological assets. Productive biological assets are the assets that have reached specifications for harvesting or are capable of producing a sustainable harvest. | Biological assets in the form of sengon plants are classified as biological assets to be harvested. Meanwhile, productive rubber plants are classified into immature plants and mature plants. |

Source: Data processed (2018)

PSAK 69 provides for the recognition that needs to be made on biological assets or agricultural products in each entity that controls biological assets, which receives benefits from biological assets or agricultural products, and biological assets or agricultural products that can be measured at fair value or cost reliably.

So it can be said that PT. IJ has implemented recognition according to the rules in PSAK 69, as evidenced by the entity that has recognized the plants it owns and manages as biological assets, which are in the form of sengon plants. Sengon wood itself is also a product of the sengon plant. However, this application can be said to be incomplete because the rubber plant results in the form of rubber latex are still not recognized as agricultural products. This is due to constraints on rubber latex measurement because the rubber is in the rubber tree, so that an assessment of the rubber cannot be carried out. The second reason is PT. IJ did not keep the stock of rubber latex because the rubber tapped from the morning was immediately sold in the afternoon. At the end of the current period, there was no value from the supply in the form of agricultural products. The third reason is that PSAK 69 mentions the need to recognize agricultural products such as rubber latex, but it does not explain how to admit it. This causes the theory not to be implemented to practice. Meanwhile, rubber plants' recognition is implemented based on PSAK 16, where rubber plants are recognized as non-current assets in the form of productive plants because rubber plants are biological assets capable of producing sustainable harvests.

Besides, PSAK 69 also recommends entities classify their biological assets as biological assets that have been produced and biological assets that have not yet been produced. In practice, PT. IJ has classified its biological assets. Its sengon plants are still considered immature biological assets because all its sengon plants are still not harvested. The sengon plant is also harvested in the form of plants because the sengon plant's product is wood from the plant.

Measurement

The measurement of agricultural activity was carried out after recognizing the activity of agriculture. These two things intersect each other because the recognized aspect needs to be known for its value. The measurement of agricultural activity itself is carried out by assessing the costs incurred for opening plantation land, conducting nurseries, caring for plants, and harvesting.

Table 4: Agricultural Activity Measurement Matrix

| NO. | Based on PSAK 69 | Implementation of PT IJ |
|-----|--|--|
| 1. | Biological assets are measured at initial recognition and at the end of each reporting period at fair value less costs to sell | Biological assets in sengon plants are measured at fair value less costs to sell. Meanwhile, productive plants are not regulated in PSAK 69, so rubber plants are measured at their cost |
| 2. | Agricultural products harvested from the entity's biological assets are measured at fair value less costs to sell at the point of harvest. | PT. IJ does not take measurements on agricultural products. |

PT. IJ has implemented measurements according to what is required in PSAK 69. It can be seen from the fact that the company has measured its biological assets in accordance with PSAK 69, which uses fair value less costs to sell. For rubber plants, because they are recognized as productive plants, the immature plants are measured by the costs incurred until the plants are ready to be harvested. Meanwhile, for the measurement of yielding crops uses cost and amortized over their useful lives. These measurements are carried out based on PSAK 16 because the company recognizes them as fixed assets in the form of productive plants.

Besides, in the measurement of PSAK 69, agricultural products that are harvested by the entity are also regulated so that the measurement at fair value less costs to sell at the point of harvest is not carried out by PT. IJ. PT IJ does not recognize any agricultural products produced from its biological assets or its productive plants. Therefore, the measurements are only carried out on biological assets owned by PT. IJ. As previously explained, the agricultural product in the form of rubber latex, in this case, was not recognized. It makes the value of the agricultural product immeasurable.

Recording

After the agricultural activity is carried out in the form of recognition and measurement, the next step is to record the value that has been measured in the form of journaling. The value is the activity of agricultural activities carried out and the recording of the value of biological assets and agricultural products. There will also be the recording of reclassifications made and any gains or losses incurred from using fair value as a method of measuring biological assets. The process of recording stages is carried out from the time the costs are incurred for carrying out agricultural activities which refers to land preparation for crops, planting, and upkeeping until they are ready to be harvested.

Table 5: Comparison of the recommendation of PSAK 69 Journal to Journal of PT IJ

| NO. | Type of Operational Activity | Recommendation of PSAK 69 Journals | Journal of PT IJ |
|-----|--|--|--|
| 1. | Land Preparation planting new crops | Land leveling costs xxx Cash / Accounts payable xxx | Manual plant propagation xxx Bank / Accounts Payable xxx |
| 2. | When the cost of biological assets is equal to fair value | Immature / mature biological assets xxx Cash / Accounts payable xxx | N/A |
| 3. | When the cost of biological assets is higher than the fair value | Immature / mature biological assets xxx Cash / Accounts payable xxx | N/A |
| 4. | When the cost of biological assets is lower than fair value | Immature / mature biological assets xxx Losses on valuation of biological assets xxx Cash xxx biological assets xxx | |
| 5. | Payment of direct labor costs | Direct labor costs xxx Cash/Account Payable xxx | RA – manual plant care xxx Debts xxx Debts xxx Cash/Account Payable xxx |
| 6. | Purchase of equipment | Equipment Costs xxx Cash/Account Payable xxx | Logistic Supplies / materials xxx Bank/Account Payable xxx |
| 7. | Routine maintenance costs before the plant's maturity | Maintenance costs xxx Cash/Account Payable xxx | RA – manual plant care xxx Cash/Account Payable xxx |
| 8. | There is defects on the new plants | Maintenance costs xxx Cash/Payable Accounts xxx | RA – manual plant care (others) xxx Bank/Payable Accounts xxx |
| 9. | There is defect on new plants | Loss costs xxx Cash/Payable Accounts xxx | Maintenance expense xxx Bank/Payable Accounts xxx |
| 10. | The cost of manual plant care is too high | Cash/Payable Accounts xxx Maintenance costs xxx | N/A |
| 11. | Reclassification of RA TBM 0 to TBM 1 (End of Period) | N/A | manual plant propagation 1 xxx RA – manual plant care 0 xxx |
| 12. | Reclassification of TBM to TM with the partial defects on the plants | Mature Biological assets xxx Loss costs xxx Other deferred costs xxx | N/A |
| 13. | Reclassification of TBM to TM | Mature Biological assets xxx Other deferred costs xxx | Mature plant xxx Immature plant xxx |
| 14. | Recording of depreciation Costs | Depreciation cost of mature biological assets xxx accumulated depreciation biological assets xxx | |

| <i>Table Cont'd</i> | | | |
|---------------------|--|---|---|
| 15. | Initial recognition of agricultural products | Agricultural products xxx Stock valuation Gains xxx | N/A |
| 16. | sales of agricultural products | Cash / Payable Accounts xxx Sales xxx HPP xxx Stock xxx | Receivables account xxx Lump sales xxx HPP xxx Harvest costs xxx |
| 17. | The recording of fair value on balance sheet date is higher than | Immature/ mature biological assets xxx Gain on valuation of Immature biological assets xxx | Biological assets xxx Gain on fair valuation of Biological assets xxx |
| 18. | The recording of fair value on balance sheet is lower than the recorded fair value | Loss on valuation of Immature/mature biological assets xxx Immature/mature biological assets xxx | Loss on atas fair valuation of Biological assets xxx Biological assets xxx |

Source: Pratiwi (2017) and PT IJ General Ledger (2018)

PT. IJ keeps its journal according to its activities. Because it is not regulated in PSAK 69, journals are compared to the recommended journals based on the matters stipulated in PSAK 69. If there are differences in journaling, this is because it is following management's decision to use an account name that suits them. The difference in the account name that occurs does not affect each activity's existing account's recognition. Some activities are not conducted journaling by PT. IJ. This was due to the fact that the company had not experienced the incident, so it does not do any journaling. Take an example of the type of operational activity early recognition of agricultural products of PT. IJ which do not recognize agricultural products and does not do any journaling. Meanwhile, sales of agricultural products are carried out directly on the same day when harvesting is carried out so that the stock's recording is not carried out and the value of the cost of goods sold is obtained from the value of the costs incurred. Also, because journal entries are not regulated in PSAK 69, then as long as the value of agricultural activities and biological assets and agricultural products is recognized, measured, and recorded based on what happens, it will record agricultural activities' value fairly present.

Presentation and Disclosures

The process of presentation and disclosures agricultural activities in financial statements are in the form of the value of biological assets and productive plants. This is because the activities that have been carried out by the company are steps to provide benefits to biological assets and productive plants. Also, agricultural activities are the costs incurred, and as previously explained, the value of these costs is allocated to the value of biological assets and productive plants.

Table 6: Matrix of Presentation and Disclosure of Agricultural Activities

| NO. | Based on PSAK 69 | Implementation of PT IJ |
|-----|--|---|
| 1. | Entities describe each group of biological assets, the disclosures can be in the form of narrative or quantitative descriptions | Biological assets are described based on the age of the plant or year of planting |
| 2. | An entity must present a reconciliation of changes in the carrying amount of biological assets between the beginning and the end of the current period | PT. IJ presents the biological asset mutations between the beginning and the end of the current period. |
| 3. | Any gains or losses arising on initial recognition of biological assets at fair value less costs to sell and from changes in fair value less costs to sell biological assets are included in profit or loss in the period in which the gain or loss is incurred. | Gains and losses from differences in fair value are included in the income statement under other operating income (expenses). |

PT. IJ has implemented the presentation and disclosure of agricultural activities following PSAK 69. This can be seen in Figure 8. Description and Reconciliation of biological assets, which shows that biological assets that are owned by PT. IJ is described either in the form of narrative or quantitative descriptions which are grouped based on the planting year of the biological assets in the form of sengon plants. The application is based on the instructions in PSAK 69 to provide a description of each group of the entity's biological assets.

Moreover, PSAK 69 also provides a reconciliation of changes in the carrying amount of biological assets between the beginning of the period and the end of the current period. PT IJ has done the things that have been arranged by presenting the movements of its biological assets where it reveals the changes in the value of total biological assets recorded between the beginning and the end of the current period.

Other matters are regulated in PSAK 69, that is the gain or loss that occurs at the initial recognition of biological assets at fair value less costs to sell and from changes in fair value of biological assets to be included in profit or loss where the gain or loss occurs. PT. IJ has admitted gains on initial recognition and from changes in fair value of biological assets. This is presented in the company's income statement under other operating expenses and disclosed in the details of other operating expenses, which records the gain on the fair value of biological assets.

Conclusion

The result of research conducted at PT. IJ concludes that the accounting treatment of agricultural activities could be said to be following those recommended in PSAK 69. Suitability is seen from each accounting treatment regulated as follows:

- i. The process of recognizing agricultural activities at PT. IJ has been carried out based on PSAK 69, however, it can be said that it is still not perfect. Recognition for sengon plants has been carried out by following PSAK 69, while for rubber plants, it uses the PSAK 16. Agricultural products in the form of rubber latex are not recognized in the stocks because the company does not keep supplies of rubber latex, as previously explained.
- ii. At PT. IJ, the process of measuring agricultural activities is based on the costs incurred for carrying out these activities. The measurement uses cost to determine the rubber plant's value and uses the fair value for the sengon plant. However, PT. IJ has not measured the agricultural products it produces which is rubber latex.
- iii. The process of recording agricultural activities at PT. IJ is carried out based on the activities carried out and according to recognized and measured values. The journalism of the activities carried out is entered into a running account before attributable to plants.
- iv. PT. IJ has determined its biological assets' fair value using the selling price per cubic meter approach less the estimated selling costs at harvest and the estimated maintenance costs until harvest. Still, the fair value is only applied to plants that are more than two years old. Meanwhile, plants under two years use the cost approach.
- v. Presentation and disclosure of agricultural activities at PT. IJ is presented in the form of a description of the biological assets group, plant movements, and the gains or losses incurred during initial recognition and changes in the biological assets' fair value.

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