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Analysis of the Accounting Treatment of Biological Assets on Agricultural Activities based on PSAK 69 (Case Study at PT. Galasari Gunung Sejahtera)

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Abstract

The purpose of this study was to determine the accounting treatment of biological assets on agricultural activities at PT. Galasari Gunung Sejahtera, whether it is in accordance with PSAK 69. To achieve the objectives of this study, the research was conducted at PT. Galasari Gunung Sejahtera. The method used is a qualitative descriptive approach. Qualitative data obtained through observation, interviews, and documentation. The analytical technique used in this research is data reduction, data presentation and conclusion drawing. The results of the study showed that PT. In general, Galasari Gunung Sejahtera has implemented PSAK 69, but in the reassessment section, PT. Galasari Gunung Sejahtera does not revaluate the value at the end of each period. This is because biological assets cannot be measured reliably. This is permitted, in accordance with paragraph 30 of PSAK 69.

Keywords
accounting; biological assets; agricultural activities

I. Introduction

The diversity of agricultural commodities plays an important role in the economy in Indonesia. This happens, because this sector is the third sector that has an influence on growth after the non-oil and gas industry sector during the corona pandemic that hit Indonesia according to the structure of gross domestic product. In Quarter III-2020 the agricultural sector managed to contribute 14.68% based on Gross Domestic Product Structure by Business Field (2010 series) Based on Current Prices(Central Bureau of Statistics, 2020). The agricultural sector is a sector that works in agriculture or land and is divided into various sub-sectors, namely horticulture, plantations, floriculture, livestock, and fisheries.(Trina, 2017).

The economic condition of the population is a condition that describes human life that has an economic score (Shah et al, 2020). Economic growth is still an important goal in a country's economy, especially for developing countries like Indonesia (Magdalena and Suhatman, 2020). Minister of Agriculture Syahrul Yasin Limpo said that the agricultural sector gave positive results, this was seen in the macro achievement indicators in 2020. Horticulture was one of the factors contributing to the positive increase in the growth of the agricultural sector, as much as 7.85% of the demand for fruits and vegetables was produced by horticulture sub-sector during the pandemic. Several horticultural productions that experienced an increase in demand occurred, one of which was manga which amounted to 2.86%.(Ministry of Agriculture, 2018). Mango export opportunities in Indonesia are very promising, because Indonesia is ranked fifth as a mango producer in the world. In 2018, Indonesia was able to produce mangoes reaching 2,184,399 tons. This is

certainly an opportunity in an effort to increase exports for Indonesia(Ministry of Agriculture, 2020).

The agricultural sector has special assets in the records that are reported in the financial statements. These assets are biological assets. Biological assets are living animals or plants (PSAK 69). In accordance with the characteristics of assets, biological assets are the entity's control over transactions that occurred in the past that are expected to provide benefits in the future. However, there is a difference, namely that in biological assets there is a biological transformation of the assets until the assets are ready to harvest and can be converted by the entity.

Universally PSAK 69 regulates the treatment related to the accounting of biological assets. Agricultural activity is a form of biological transformation management process as well as harvesting of biological assets carried out by entities for later sale or conversion into agricultural products or additional biological assets. When presenting biological assets, an entity must present the profit or loss that has occurred in the current period at the time of initial recognition of biological assets and changes in fair value less costs to sell the production of biological assets.

PSAK 69 is an application of International Accounting Standards (IAS) No. 41. This PSAK 69 became effective for the company's financial statements on January 1, 2018. Disclosure of biological assets is very important to be considered by every entity engaged in agribusiness because with good disclosure investors will know the company's management and how well they maintain it. Availability of good enough information is a very important factor in the decision making of various parties. A decision can be said to be good if the quality of the disclosure of the financial statements is in accordance with PSAK 69. If the disclosure is not applied in accordance with applicable standards, then irrelevant and unreliable information will appear in the financial statements.

It is hoped that the existence of this agricultural sector can contribute as part of national development efforts. In order for this to be realized, industries in the agricultural sector that sell products from biological assets or process products from biological assets are required to provide correct and appropriate information. Reliable information is certainly very much needed by internal parties and external parties from the company as an illustration of the company's development. Relevant information is expected to provide an overview of the development of the company contained in the financial statements. The information obtained must be used as a reference so that the financial statements can be free from various irregularities and errors in disclosure. Bahri (2015: 6) in Suhaemi(2016)argued that the impact of implementing IAS 41 on financial statements resulted in differences in the measurement of items in the financial statements and financial ratios of companies. The financial statements show more of a fair value that has a positive effect on the entity when making decisions.

Research on the accounting treatment of activities on biological assets has been found, such as in Murtianingsih and Setiawan (2016), Wulandari and Wijayanti (2018), and Meinlansari et al (2019)but no research has been found that uses mango horticultural plantations as objects of research. PT. Galasar Gunung Sejahtera is a horticultural plantation company that has mango trees as an asset as well as a producer of the company's superior products, plus the processing of agricultural products that are sold both in the domestic and foreign markets.

PT. Galasari Gunung Sejahtera is interesting to study because of the mango tree which is the mainstay of PT. Galasari Gunung Sejahtera is classified as a biological asset, according to PSAK no. 69. This study aims to determine the accounting treatment of biological assets on agricultural activities at PT. Galasari Gunung Sejahtera. Based on the

description of the background above, the researchers took the following problem formulation: 1) How is the accounting treatment of biological assets on agricultural activities at PT. Galasari Gunung Sejahtera?

II. Review of Literature

2.1 Biological Asset

Biological assets in IAS 41 have the same meaning as PSAK 69, which means that plants and animals whose life is owned by an entity due to past events that can be useful in the future. With the passage of time, changes will certainly be experienced by biological assets which are commonly referred to as biological transformations. Biological transformation according to IAS 41 paragraph 5 can be in the form of growth (by increasing the quality of biological assets or increasing in quantity), decreasing quantity or quality (degeneration), the creation of new plants (procreation), and producing products (production).(Simanjorang et al., 2016). Corrupt(2016)dividing biological assets into two groups based on the useful life of the assets, namely Short Term Biological Assets where the biological assets owned by the company have a useful life of not more than 1 (one) year. Biological assets that have a relative term of less than 1 year are seasonal crops, for example sugarcane and rice. As for biological assets that have a long period of time (Long Term Biological Assets), namely biological assets that have benefits or are better known as transformation periods of more than 1 (one) year. Biological assets with plants that are known to have a relative maturity of more than 1 year are seasonal plants, such as coffee and rubber.

2.2 Agricultural Activity Accounting

Accounting for Agricultural Activities in PSAK 69 states that agricultural activity is a form of biological transformation process to harvest biological assets by companies (entities) for sale or later converted into agricultural products or can also be processed as additional biological assets. Biological assets are also known as assets owned by entities that can be in the form of plants or animals (IAS 41). Like other assets that have their own characteristics, biological assets also have this, where biological assets are a form of economic control over the entity in the past, which control was fully exercised by the entity, and the benefits are expected by the entity in the future.

The special characteristics that are very attached to these biological assets are increasingly seen with the activities in the context of developing biological assets so that it can be said that these assets can be traded or processed more deeply by the entity. PSAK 69 is an accounting standard that measures not only agricultural activities, it is not only focused on regulating biological assets in the form of bearer plants, while what is meant by productive plants (bearer plants) according to PSAK 69 are as follows: a) Plants that are bred and ending with the harvest of agricultural products (eg teak planted and then used as a table); b) Plants that are cultivated in order to provide results in the form of agricultural products, and if possible, even if it is very minimal, the plants will be harvested and sold as agricultural products, other than as incidental scrap sales (eg trees planted for later use as well as pieces of wood); and c) annual crops (eg rice and beans). Agricultural activities have to do with various activities such as: seasonal or annual crops, animal husbandry, forestry, garden and plantation cultivation, fisheries, flower cultivation, and so on.

2.3 Statement of Financial Accounting Standards (PSAK 69)

PSAK 69 stipulates that biological assets or agricultural products can be recognized if they meet some of the same criteria as asset recognition criteria. Biological assets are measured at initial recognition and at the end of each financial reporting period using the fair value less costs to sell method. PSAK 69 also regulates the accounting treatment and disclosures related to agricultural activities which are harvested from biological assets belonging to the company (entity), at the point of harvest.

In addition, PSAK 69 also regulates biological transformation, which consists of growth, degeneration, production, and procreation processes that result in qualitative or quantitative changes in biological assets. PSAK 69 can be implemented for accounts related to agricultural activities, namely: a. Biological assets, except for productive plants b. Agricultural products at the point of harvest c. Government grants are included in paragraphs 34 and 35. However, PSAK 69 cannot be implemented for:

a. Land associated with agricultural activities
b. Productive crops related to agricultural activities
c. Government grants related to productive crops
d. Intangible assets related to agricultural activities.

2.4 Biological Asset Recognition

Biological assets in the financial statements can be recognized as current assets or non-current assets according to the period of biological transformation of the biological assets concerned. Biological assets are recognized as current assets when the useful life/biological transformation period is less than or up to 1 (one) year and recognized as non-current assets if the useful life/biological transformation period is more than 1 (one) year. Under PSAK 69, an entity shall recognize a biological asset or agricultural product when, and only when:

a. An entity controls a biological asset as a result of past events
b. It is probable that the future economic benefits associated with the biological asset will flow to the entity
c. The fair value or cost of a biological asset can be measured reliably

2.5 Measurement of Biological Assets

Biological assets are measured on initial recognition and at the end of each reporting period at fair value less costs to sell, except for the cases described in paragraph 30 where fair value cannot be measured reliably. Agricultural products harvested from the entity's biological assets are measured at fair value less costs to sell at the point of harvest. Such a measurement is the cost at that date when other applicable standards are applied. Measurement of the fair value of biological assets or agricultural products can be supported by grouping biological assets or agricultural products according to significant attributes; for example by age or quality. The entity selects attributes that match the attributes used in the market as the basis for determining prices.

2.6 Biological Asset Disclosure

According to PSAK 69, an entity must disclose the combined gain or loss arising during the current period that occurs at the initial recognition of biological assets and agricultural products, and from changes in fair value less costs to sell biological assets. In addition, the entity must present a description of each biological asset. With the existence of each group of biological assets, which are distinguished between mature biological assets and immature biological assets according to the condition of the biological assets.

III. Research Method

3.1 Types of Research

The type of research conducted by the author is a qualitative descriptive study using a case study approach conducted at PT. Galasari Gunung Sejahtera. Qualitative research is research that produces descriptive data that comes from oral and written, and someone's behavior that can be observed(Suyanto, 2008).

3.2 Research Sites

This research was conducted at PT. Galasari Gunung Sejahtera which is engaged in horticultural plantation business. The location of production activities used by PT. Galasari Gunung Sejahtera is located in Sukodono Village, Panceng District, Gresik Regency.

3.3 Research Informants

Key informants in this study were obtained through direct observation and interviews with the Director, Head of Finance and one of the staff of Farm Breeding PT. Galasari Gunung Sejahtera. These staff are people who are directly related to the biological assets owned by PT. Galasari Gunung Sejahtera or more accurately is a staff in the Farm Breeding section who takes care of the biological assets of the mango fruit plant. The subjects of this research are summarized in the following table:

No.	Name	Status
1.	Dinar	Company Director
2.	Sparrow	*Head of Finance*
3.	Susilo	Farm Breeding Staff

(Source processed by the author)

3.4 Data Collection

The data used in this study are primary data in the form of interviews and secondary data in the form of company financial statements. Data collection techniques used in this study were observation, interviews and documentation.

3.5 Analysis Method

The data analysis method used in this research is a qualitative descriptive analysis method. Which is descriptive qualitative analysis is a data analysis method that starts from collecting data that has been obtained and then analyzed qualitatively. The analysis carried out is in the form of reviewing, presenting, reviewing, and explaining all the data that has been obtained from the results of interviews with the Head of Finance and one of the staff of PT. Galasari Gunung Sejahtera in order to obtain detailed information related to the accounting treatment of biological assets on agricultural activities.

IV. Results and Discussion

4.1 Confession

Biological assets in the form of mango plants at PT. Galasari Gunung Sejahtera consists of mango seeds and mango plants which are divided into two groups, namely Immature Plants (TBM) and Mature Plants (TM). Mature Crops are productive plants used in production as a means of producing agricultural products.

Immature plantations are recognized as non-current assets and will be reclassified as mature plantations when the plantations are able to generate economic benefits for the company. There is a grouping in the age of the plant carried out by PT. Galasari Gunung Sejahtera is in accordance with PSAK 69 paragraph 15 regarding the fair value measurement of biological assets supported by grouping assets based on age.

After deemed capable of providing economic benefits to the company, mature plantations are recognized as non-current assets. PT. Galasari Gunung Sejahtera records the name of the account with “Producing Plants” on the statement of financial position. Because mature plants are able to provide benefits, depreciation is carried out to recognize these benefits each period.

In addition to biological assets, PSAK 69 also discusses agricultural products. Agricultural products are products from the cultivation of biological assets. PSAK 69 explains that agricultural products at the point of harvest are recognized as inventories in the current period.

Agricultural products are recognized by the company as inventories, where the initial recognition of inventories of agricultural products is based on the cost derived from the capitalization of costs incurred at harvesting agricultural products until the agricultural products are ready for sale or further processing.

4.2 Measurement

Immature plantations are recognized at cost which includes the cost of purchasing seeds, accumulated costs of land preparation, maintenance and other indirect costs until the plants can bear fruit. Costs incurred in the process of developing immature plantations (TBM) are capitalized into the Immature Plants account. Capitalization of these costs ends when the plant has produced agricultural products. Immature plantations are not depreciated because they have not provided economic benefits for the company.

When the mature plant is fruitful, depreciation is charged. PT. Galasari Gunung Sejahtera is armotized using the straight-line method. Mango plants are estimated to be able to produce up to 20 years. The company does not revaluate assets due to the difficulty of determining the active market value. This is permitted in paragraph 30 of PSAK 69 paragraph 30.

When the asset is no longer able to produce it will be recognized as a loss in its recognition and measurement and included in the income statement. Meanwhile, for the maintenance costs of mature plants, PT. Galasari Gunung Sejahtera charged to current profit and loss. Costs related to asset restoration will be capitalized if it can provide benefits in the future.

4.3 Disclosure

Notes on the financial statements of PT. Galasari Gunung Sejahtera revealed that related to the economic age of plants, the things that underlie the grouping of immature and mature plants and the change in the reclassification of immature plants to mature plants. And disclose the depreciation method used for the yielding plant. However, the company has not disclosed matters relating to the company's biological assets, both from the acquisition process of the mango plant.

This is in accordance with the provisions contained in PSAK 69 paragraph 43 which explains that companies must disclose the depreciation method used, a quantitative description of the grouping of biological assets.

V. Conclusion

PT. Galasari Gunung Sejahtera has implemented PSAK 69 as an accounting standard, starting from recognition, measurement, and disclosure. Except for the revaluation of biological assets. PT. Galasari Gunung Sejahtera did not reassess the biological assets due to the difficulty of determining the active market value of the mango plant and the costs that were not commensurate with the profits. This is permitted by PSAK 69. PT. Galasari Gunung Sejahtera also depreciates biological assets in mature plantations, while in PSAK 69 depreciation is not recognized, there is only a grouping of assets.

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