PSAK 69 Perspective in the Treatment of Biological Assets: Case Study of Pt. Greenfields Indonesia Dairy Farm Unit

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Abstract

The objectives of this research are to: (1) Examine how biological assets are handled in the PT. Greenfields Indonesia Unit Dairy Farm; and (2) Examine if how biological assets are handled in the PT. Greenfields Indonesia Unit Dairy Farm is appropriate in light of PSAK 69.This study employed a case study technique using a descriptive qualitative method. The biological asset in the shape of birds gripping a magpie stone field is the research's target, and the subject of the study is PT. Greenfields Indonesia Unit Dairy Farm. Data were gathered via documentation, interviews, and observation. Analysis of data through three stages: (1) Analyzing data of biological assets, (2) Comparing data of biological assets with PSAK 69, (3) Conclusion.The results of this study indicate that there are differences or non-conformances of accounting treatment according to PT. Greenfields Indonesia with PSAK 69 both recognition, measurement, presentation and disclosure of biological assets. In addition to accounting treatment there are also differences related to transaction journals made by companies in accordance with PSAK 69, thus causing the financial statements presented to be less reliable and relevant.

Keywords : Biological Assets, Accounting Treatment, PSAK69
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Introduction

Indonesia as an agricultural country is very suitable for running agricultural and livestock businesses. Currently, agriculture and animal husbandry in Indonesia are increasingly developing from an old system to a new system. Up until 2012, the majority of industrialized and emerging nations' economies relied heavily on the agriculture sector, including Indonesia (Nurhaeti, 2013: 2). As a business develops so that the business can continue to operate, a business is required to improve the consistency of work quality, service quality and data accuracy. Apart from that, businesses must have information about the company's financial condition. To determine the financial condition of running a business, a relevant and reliable financial report is needed related to the condition of the business's performance because the financial report can be used as a basis for decision making by the company owner (Harnani, Rusminingsih, & Damayanti, 2022).

Financial reports are reports that reflect the collection, tabulation and final summary of accounting data. The four reports are (1) Financial position report which shows the company's financial condition at the end of the period, (2) Profit and loss report (or comprehensive income statement) which measures operating results during the period, (3) Cash flow report which reports the cash available and used for investment and operational funding during the period, (4) Retained earnings report which adjusts the retained earnings account balance from the beginning to the end of the period (Kieso, Weygandt, Warfield 2015: 67). Apart from that, financial reports are also used as a means of communicating key financial information to parties outside the company (Gold, Heilmann, Pott, & Rematzki, 2020).

In the business world or agricultural companies, it is a sector that operates in the agricultural (land) sector, where the plantations, horticulture, forestry, floriculture, fishery, and animal husbandry sub-sectors make up this sector. Living things are an advantage to the agriculture sector (plants and animals). The identification, assessment, quantification, presentation, and disclosure of assets referred to as biological assets (Sasongko, Harnani, & Bawono, 2022). Furthermore, this is not at all like fixed assets, which are often inanimate items. Because biological assets undergo recurrent categorization during their economic life owing to shape alteration, a more thorough understanding is required. One difference is that not all biological assets experience depreciation. Assets in the form of livestock need to be differentiated whether livestock is working capital (for one production process) or used for several production runs. If the livestock is fattening livestock or working livestock, depreciation is not charged, however, if the livestock is used for a number of production processes, such as dairy cows and laying hens, depreciation needs to be calculated. Another most important difference between biological assets and fixed assets is that fixed assets do not undergo biological transformations such as growth, degeneration, production and procreation (Kanabekova, Andybayeva, Tulegenova, & Aimagambetova, 2021).

Biological assets are distinct assets because they continue to develop and change even after they provide an output. Growth, degeneration, production, and reproduction are among the activities that modify biological assets and may result in a variety of qualitative and quantitative changes to the assets' lives as plants or animals. In the form of more biological assets in the same class or as agricultural products, biological assets have the ability to generate new assets. The management of biological transformation and harvesting of biological assets by an entity for the purpose of selling or converting them into agricultural products or other biological assets is known as agricultural activity. Living plants or animals are considered biological assets. The process of development, deregeneration, production, and procreation that results from qualitative changes in living things is known as biological transformation, according to Abdullah (2011: 9). It creates new assets in the form of agricultural goods or extra biological assets of the same sort. Thus, the application of PSAK 69 to agricultural companies should be very necessary to present more relevant and informative information. However, in fact, many agricultural companies in Indonesia have not implemented PSAK 69 as the basis for accounting treatment regarding their biological assets (Hadiati & Wahyudyatmika, 2023).

One of the modern farms on the slopes of Mount Kawi is called PT. Greenfields Indonesia is a cattle farm with more than 8,000 head of cattle. PT. Greenfields Indonesia is a subsidiary of Japfa which has gone public. Financial reports applied at PT. Greenfields Indonesia has

implemented PSAK 69. The main issue that is the focus of this research is whether PT. Greenfields Indonesia Dairy Farm Unit has treated its biological assets in the form of French Holstein dairy cattle in accordance with PSAK 69. In the treatment based on PSAK 69, accounting for biological assets is related to recognition. , measurement, presentation and disclosure. PT. Greenfields Indonesia obtains biological assets in 2 ways, namely obtaining them directly from the production of broodstock that have been artificially inseminated (Injectable Mating) and purchasing new assets by import (Dullah, 2023).

When an asset has a longer useful life than a year, PT. Greenfields Indonesia classifies it as a biological asset. If there is an addition to assets due to a birth, it will be recognized as additional biological assets and company capital, whereas if there is an addition from the purchase of new assets then PT. Greenfields Indonesia is recorded at cost and no gain or loss is recognized from the difference between fair value and acquisition price. If the death of a biological asset occurs, it will be reported as a loss and recorded at fair value or recorded at the book value of the asset. In presenting the biological assets of PT. Greenfields Indonesia presents it in the statement of financial position in the non-current assets category, and is recorded in one mature and immature biological asset account for female cattle, however, the birth of a bull will be recorded in the list of biological assets that will be auctioned. Because PT. Greenfields Indonesia acknowledges that biological assets that have produced cattle have depreciated, financial reports prepared by the company reveal information about the total number of biological assets, the useful life that will be obtained from the biological assets, and the method of depreciation for the biological assets (Setyorini, Rochmi, Suprayogi, & Lamid, 2020).

In this research, researchers will compare accounting treatment with accounting standards that regulate biological assets, namely PSAK 69. Based on conditions in livestock businesses at PT. Greenfields Indonesia, researchers chose a research object with the title "Treatment of Biological Assets Based on PSAK 69 at Pt. Greenfields Indonesia Unit Dairy Farm“.

Literature review

Financial reports are a way for people outside the organization to get key financial information. This report displays the company's history which is quantified in monetary value Trina (2017: 37). Users of financial reports include investors, employees, creditors, suppliers, customers, government and society. According to Trina (2017: 21) assets are an element in an entity's financial report which displays the resources owned by the entity and used in the entity's business activities. Entity assets can be obtained through funds originating from internal and external entities. According to Afandi in Cahyani and Aprilina (2014: 18) explains that assets are wealth owned by the company.

Companies engaged in the plantation and livestock industries hold biological assets, which are live animals and/or plants. Living plants or animals make up biological assets. Many biological resources are physically affixed to the land (forest trees, for instance). The biological assets associated with the land may not have their own market, but the combined assets—the biological assets, the undeveloped land, and the land development as a whole—could have a thriving one. The fair value of the biological assets may be determined by an entity using data on the combined assets. To determine the fair value of the biological asset, for instance, the fair value of

undeveloped land and land improvements may be subtracted from the fair value of the total assets. A biological asset or agricultural product is only recognized by an entity if: The biological asset is under its control due to an earlier occurrence. Future financial gains from the biological asset are likely to come to the organization. It is possible to accurately determine the biological asset's cost or fair value (da Costa Marques, 2021).

With the exception of the situations outlined in paragraph 30, where the fair value cannot be determined with reliability, biological assets are valued at fair value minus selling expenses at the time of first recognition and at the conclusion of each reporting period. The non-current assets category in the financial accounts is where biological assets are shown. Mature biological assets and immature biological assets are the two categories into which biological assets are divided. Mature Biological Assets are assets that have reached specifications for harvest (for consumable biological assets) or produce sustainable harvests for productive biological assets (Morozova, Akhmadeev, Lehoux, Yumashev, Meshkova, & Lukiyanova, 2020).

When agricultural goods and biological assets are first recognized, as well as when fair value changes less the cost of selling biological assets, an entity is required to report the total gain or loss that resulted from those events. Descriptions that are both qualitative and narrative may be used as forms of disclosure. Profit or loss is recorded in the period in which it happens for gains or losses resulting from the original recognition of biological assets at fair value less selling expenses as well as from modifications in fair value less selling expenses (Saputra, Putri, & Kawisana, 2022).

Research Methods

Researchers conducted research on agriculture at PT. Greenfields Indonesia. From PT. Greenfields Indonesia researchers took samples from a type of Frisian Holstein dairy cow. This research uses descriptive qualitative research. The qualitative research method is called a new method because it has not been popular for a long time and the research data is more concerned with the interpretation of data found in the field on the basis of one test sample Sugiyono (2016: 94).

The location of this research is PT. Greenfields Indonesia is located in Babadan Village, Ngajum District, Malang Regency, East Java. This company operates in the field of modern cattle farming and the milk production industry with standards ISO 9001:2015, FSSC 22000, HACCP and halal certification from MUI.

The subjects in this research were PT. Greenfields Indonesia. The object in this research is a Biological Asset in the form of a Frisian Holstein dairy cow. In this research, primary data is data collected by researchers directly in the form of interview scripts from the first source, namely PT. Greenfields Indonesia Dairy Farm unit obtained directly through observation and interviews. Secondary data collected by researchers is in the form of a report on the financial position of PT. Greenfields Indonesia unit Diary Farm. In order to obtain more comprehensive data about the company's biological assets—Holstein Frisian dairy cattle—the data collection technique in this research uses observation techniques, in which researchers participate in or are involved in activities carried out by resource persons related to the accounting treatment of biological assets within the company. The interview technique is carried out by carrying out

direct interaction with respondents by asking questions. The sources selected in this procedure are sources related to recording and reporting and people who have a role in the accounting treatment of PT's biological assets. Greenfields Indonesia, namely Mrs. Yetti Sundari as FA Costing Farm Supervisor

Documentation techniques are data collection techniques by studying documents, archives and other data related to this research. These documents include company history, organizational structure, 2017 financial reports, and other data related to accounting treatment and depletion of biological assets, as well as journals and records related to biological assets. A qualitative descriptive analysis approach is the analytical technique used to address the issue formulation. After that, the data will be examined and contrasted with PSAK 69, the accounting standard that was utilized as a guide.

Results and Discussion

Confession

In the recognition of biological assets, PT. Greenfields Indonesia Dairy Farm Unit recognizes that the biological assets in the form of dairy cows it owns are a result of the past, namely through artificial insemination (injection mating) and imported purchases. The economic useful life has great benefits, namely producing milk for sale.

Fair value of biological assets at PT. Greenfields Indonesia Dairy Farm Units can be measured reliably based on COGM (Cost Of Goods Manufacturing).

Measurement

In measuring biological assets, PT. Greenfields Indonesia Dairy Farm Unit has implemented PSAK 69 by using fair value to measure its biological assets. PT. Greenfields Indonesia Dairy Farm Unit depreciates Cattle (Adult/Lactating Biological Assets) using the straight line method so that the price measurement is more specific and meets the fair value measurement of biological assets (fair value) in accordance with PSAK 69: agriculture. Presentation In its presentation of the biological assets of PT. Greenfields Indonesia Dairy Farm Unit provides specific reports so that financial reports become more reliable and relevant. If reliable and relevant financial reports will greatly contribute to decision making by company management.

Disclosure

Regarding biological asset disclosure, PT. Greenfields Indonesia Dairy Farm Unit provides information on biological asset techniques, longevity, benefits, and depreciation rates in its financial statements, and this must be stated in the financial statements' notes to the financial statements in accordance with PSAK 69.

Conclusion

The applicability of PT. Greenfields Indonesia Unit Dairy Farm's accounting treatment for its biological assets usually complies with generally accepted accounting standards and follows PSAK 69's guidelines for accounting for biological assets. All data obtained there is no

difference in the accounting treatment of biological assets according to PT. Greenfields Indonesia Unit Dairy Farm with Biological asset accounting treatment according to PSAK 69 Agriculture. In terms of accounting treatment of biological assets at PT. Greenfields Indonesia Dairy Farm Unit, it differentiates its biological assets into 2 types, namely mature biological assets (Cattle) and immature biological assets (Calve), so that in the report the financial position of PT. Greenfields Indonesia Dairy Farm Unit is the same. and in accordance with the PSAK 69 statement (2017:69.10). In further recognition, PT. Greenfields Indonesia Dairy Farm Unit recognizes its biological assets at fair value, namely the COGM price plus costs as long as the cows are still immature and COGM depreciation is carried out for adult dairy cows, in order for the fair value of biological assets—namely, the purchase cost of biological assets—to be accurately calculated in compliance with PSAK 69 (2017:69.4), specifically the fair value of dairy cows that are Frisian holsteins.

Suggestion

Through this research, the researcher suggests further research on the treatment of bulls because the research above still does not explain the treatment of bulls according to PSAK 69: Agriculture. Likewise for measuring the Jersey type of dairy cattle owned by PT. Greenfields Indonesia is also still not explained because there is little information from the field of Jersey type dairy cows, the production quantity is low but the quality of the milk produced is very high compared to French Holstein cows. The depreciation calculation has not been tested using other methods so there is no comparison of the most suitable depreciation calculation for French Holstein dairy cattle.

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