
OVERVIEW OF IFRS CONVERGENCE PROCESS IN INDONESIA

IFRS Dynamics 2013 and Beyond: Impact to Indonesia

JW Marriott, Jakarta
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IFRS DYNAMICS 2013 AND BEYOND: IMPACT TO INDONESIA

UPDATES ON IFRS CONVERGENCE STATUS IN INDONESIA

6 March 2013

The Indonesian Financial Accounting
Standards Board

DSAK IAI's ACHIEVEMENTS IN 2012

As of 1 January 2012, all IFRS has been converged into the local GAAP, with the exception of:

1. IFRS 1 *First-time Adoption of International Financial Reporting Standards*;
2. IAS 41 *Agriculture*; and
3. IFRIC 15, *Agreements for the Construction of Real Estate*

As of 1 December 2012, DSAK IAI has published 40 standards, 20 interpretations, and 11 revocations

DSAK IAI has performed significant revision toward the local GAAP on accounting standards for insurance (PSAK 28 and PSAK 36), and PSAK 62 (based on IFRS 4 phase 1)

DSAK IAI's ACHIEVEMENTS IN 2012

Brought up local accounting issues (implementation and interpretation) to regional and global forum(among others EEG, AOSSG, IFRIC, IASB)

Actively participated in various regional and global standard setting forums such as EEG, AOSSG, IFASS, WSS, and active and constructive communication with IFRIC dan IASB

UPDATES ON THE DISCUSSION ON ACCOUNTING FOR LAND AND TELECOMMUNICATION TOWER ISSUE

Accounting for Land	Accounting for Telecommunication Tower
IFRIC has made the decision not to include the issue on its agenda, on the basis that it is a jurisdictional specific issue, and that based on the specific fact pattern, it bears the characteristics of a lease (IAS 17)	IFRIC is looking at avenues to amend the scope of IAS 40, to include properties other than land and building, which will include telecommunication tower. It has acknowledged that this issue is relevant to other assets with similar characteristics
DSAK IAI continue to communicate with IASB, to discuss possibilities of looking at the new ED <i>Leases</i> , and how to ensure that the concept would include the pattern of land transaction in Indonesia	The concept of property is also used in the discussion of the new ED <i>Leases</i> , thus IFRIC communicates with IASB to ensure clarity and consistency in the concept used
The issue is on how to define what constitutes as a lease	The issue is on how to expand the scope of IAS 40 based on the nature of the assets. This however might potentially lead to another multi interpretation issue, on where to limit the type of assets that can be covered by IAS 40

ACCOUNTING FOR INSURANCE (PSAK 28, 36, AND 62)

1. DSAK IAI has revised both PSAK 28 and 36
2. A Question and Answer has been issued and made available to public through IAI's website, with the aim to provide a guidance on a few potential interpretation issues on the standards

REMINDER FOR 1 JANUARY 2013

1. PSAK 51 on the quasi re-organisation has been revoked
2. PSAK 38 on business combination under common control has been revised

INDONESIA'S CONTINUING COMMITMENT TOWARDS CONVERGING INTO IFRS

Indonesia's stated policy is to maintain its national GAAP and converge it gradually with IFRSs, minimising the significant differences between the two. Indonesia does not have a plan or timetable for full adoption of IFRSs

The general approach taken by Indonesia with regard to the IFRS convergence process is to gradually converge the local standards with IFRSs, starting with minimising the significant differences between the two

Indonesia intends to analyse the readiness of industry and other constituents in implementing the first wave of standards resulting from the convergence process before developing the next wave of new standards. Indonesia aims to provide a sufficient transitional period of 3 to 4 years for new standards while minimising any gaps between the effective dates of new IFRSs and new Indonesian standards.



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2013 AND BEYOND, DSAK IAI'S WORKPLAN FOR 2013

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IFRS CONVERGENCE 2013 AND BEYOND

Adopt new IFRSs between 1 January 2009 to 1 January 2013, such as:

IFRS 9 *Financial Instruments*

IFRS 10 *Consolidated Financial Statements*

IFRS 11 *Joint Arrangements*

IFRS 12 *Disclosure of Interests in Other Entities*

IFRS 13 *Fair Value Measurements*

IFRIC 18 *Transfer Of Assets From Customers*

IFRIC 19 *Extinguishing Financial Liabilities with Equity*

IFRIC 20 *Stripping Cost in The Production Phase of a Surface Mine*

IFRS CONVERGENCE 2013 AND BEYOND

Make amendment and/or revision to existing SAK, based on significant changes between 1 January 2009 to 1 January 2013, such as:

IAS 1 Presentation of Financial Statements

IAS 19 Employee Benefit

IAS 27 Separate Financial Statements

IAS 28 Investments in Associates and Joint Venture

Perform minor amendments to further minimise the differences between SAK and IFRSs as of 1 January 2013

Develop analysis on issues such as financial accounting standards for the not-for-profit entities, accounting guidance for micro entities, and the need of establishing another accounting tier in Indonesia

IMPORTANCE OF ANALYSING THE POTENTIAL EFFECTS OF IMPLEMENTING THE NEW STANDARDS

- Taking the experience when PSAK 50/55, PSAK 10, and PSAK 28, 36, and 62 was first applied, it is important for entities to conduct analysis on how the new standards will affect each entities' business process
- DSAK IAI, through the public consultation process (public hearing and ED comments period) is ready to hear any comments that the public might have on the new standards
- Any constructive comments and inputs are welcomed

INTERNATIONAL PARTICIPATION AND ACTIVE CONTRIBUTION

Continue to actively contribute and participate in various regional and global forums as well as directly communicating to IFRIC and IASB

Asian-Oceanian Standard-setters Group (AOSSG)

Emerging Economies Group (EEG)

World Standard Setters forum (WSS)

International Forum of Accounting Standard Setters (IFASS), etc

Actively raise and communicate relevant IFRS-based implementation and/or interpretation issues as identified in Indonesia to various forums

THANK YOU



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