

Government Regulation no. 71 of 2010 HERITAGE ASSETS

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Abstract—Semarang Old City (SOC) area is mute witness to the history of Dutch colonial Indonesia over more than 2 centuries. Old town is a piece of history, and its location adjacent to the area economy. This place is about 50 old buildings that still stand firm and has a history of colonialism in Semarang. SOC area is also called OUTSTADT had area about 31 hectares. SOC seems like a separate city, earning it the nickname "Little Netherland" or cover every area where the buildings constructed since the Dutch era. SOC consist of colonial buildings are arrayed along blocks and avenues that were based on city designs from Holland, and all are maintained in pristine condition. SOC is a historic region with many ancient buildings that are considered potentially to be developed in the field of culture, economics and conservation areas. Much irreplaceable SOC heritage is degraded, damaged, destroyed, lost, or threatened due to neglect, ignorance, incompetence, and mismanagement, for short-term gain and by special interest groups. The buildings in SOC are heritage assets priceless legacy. Unlike other assets, heritage assets have long life cycles and they do not decrease in value over their life; in fact their value tends to increase. Changes in government accounting from cash basis to accrual basis (cash towards accrual) requires the central and local governments recognize all assets and liabilities that meet the criteria of the definition and criteria for recognition in the balance sheet. Historic Assets Assessment which limited its potential historical value characteristics must be disclosed in the Notes to the Financial Statements in physical units and without value. Study will evaluate Government Regulation no. 71 of 2010 HERITAGE ASSETS of Historic Assets by conducting comparative studies reporting practices of heritage assets in SOC.

Keywords : Heritage assets, Financial Statement, Government regulation

I. OPENING

Semarang is the capital of Central Java, which has a side of history known as the "Old City". SOC to be able to present its own uniqueness and often called Little Netherland or Outstadt cover every area where the

buildings constructed since the Dutch era. The character of buildings in the region attend the buildings on the continent of Europe around the 1700s. It can be seen from a typical building details and ornaments are identical with European style, such as the size of the doors and windows are unusually large, they use of colored glass, the unique shape of the roof, to the basement. This is certainly reasonable because the fact is arguably the region constructed when the Dutch arrived. Obviously they are trying to make this area feels like home for their community. In terms of urban planning, this area is concentrated with Blenduk Church and government offices as a center. SOC is a valuable heritage asset if properly packaged.

The fixed assets is one of the most strategic sectors in the management of state finances. Therefore, the management of state assets can't be underestimated. These include the historical assets that have historical value should be preserved. Historic assets will not be released to the system of life and the beginning of the beginning of the present existence of the historical accounts in the past, so left valuable historical evidence. Government Regulation no. 71 of 2010 states that the government does not have to present heritage assets in the balance sheet, but the assets must be disclosed in the Notes to the Financial Statements. Instead Accounting Standards Board (FRS30, 2009) states that the assets disclosed in the balance sheet of history. The problem that arises is how the treatment of historic assets in the financial reporting entity of government? How is a accounting as a technology to treat historic assets with better or more appropriate?

II. DISCUSSION

The Historical Of Accounting

Accounting is thousands of years old; the earliest accounting records, which date back more than 7,000 years, were found in Mesopotamia (Assyrians). The people of that time relied on primitive accounting methods to record the growth of crops and herds. Accounting evolved, improving over the years and advancing as business advanced.

Early accounts served mainly to assist the memory of the businessperson and the audience for the account was the proprietor or record keeper alone. Cruder forms of accounting were inadequate for the problems created by a business entity involving multiple investors, so double-entry bookkeeping first emerged in northern Italy in the 14th century, where trading ventures began to require more capital than a single individual was able to invest. The development of joint stock companies created wider audiences for accounts, as investors without firsthand knowledge of their operations relied on accounts to provide

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the requisite information. This development resulted in a split of accounting systems for internal (i.e. management accounting) and external (i.e. financial accounting) purposes, and subsequently also in accounting and disclosure regulations and a growing need for independent attestation of external accounts by auditors.

Today, accounting is called "the language of business" because it is the vehicle for reporting financial information about a business entity to many different groups of people. Management accounting is concerned primarily with providing a basis for making management or operating decisions. Accounting that provides information to people outside the business entity is called financial accounting and provides information to present and potential shareholders, creditors such as banks or vendors, financial analysts, economists, and government agencies. Because these users have different needs, the presentation of financial accounts is very structured and subject to many more rules than management accounting. The body of rules that governs financial accounting in a given jurisdiction is called Generally Accepted Accounting Principles, or GAAP. Other rules include International Financial Reporting Standards, or IFRS, or US GAAP.

The Definition of Accounting

Accounting is a systematic process of identifying, recording, measuring, classifying, verifying, summarizing, interpreting and communicating financial information.

It reveals profit or loss for a given period, and the value and nature of a firm's assets, liabilities and owners' equity. Accounting provides information on the (1) resources available to a firm, (2) the means employed to finance those resources, and (3) the results achieved through their use.

Accountancy is the process of communicating financial information about a business entity to users such as shareholders and managers. The communication is generally in the form of financial statements that show in money terms the economic resources under the control of management; the art lies in selecting the information that is relevant to the user and is reliable. The principles of accountancy are applied to business entities in three divisions of practical art, named accounting, bookkeeping, and auditing.

Basis of Accounting

In a cash-based accounting, economic transactions and other events are recognized when cash is received or paid. This cash basis to measure the financial performance of the government is to know the difference between cash receipts and disbursements during the period. Cash basis provides information on the sources of funds generated during the period, the use of funds and cash balances at the reporting date. Financial reporting model is usually a cash basis Receipts and Payments Statements or Statements of Cash Flows. In addition it should be made a note to the financial statements or the notes to the financial statements present the details of the items contained in the financial statements and additional information such as: a.Items recognized in the accrual basis of accounting, such as fixed assets and debts / loans, b.Items commonly expressed in the accrual basis of accounting, such as commitments, contingencies and guarantees,c.Other items, such as information that is forecast

This cash-based accounting certainly has its advantages and limitations. **Advantages** of cash-based accounting are: (a) cash-based financial statements show the financial resources, (b) the allocation and use of cash resources, (c) easy to understand and explain, (d) the manufacturer's financial statements do not require a detailed knowledge of accounting, and (e) does not require consideration when determining the amount of cash flow during the period. Meanwhile, cash-based accounting **limitations** are: (a) only focus on cash flow in the reporting period runs, (b) ignore the resource flows that may affect the government's ability to provide goods and services at present and future; (c) statement of financial position (balance sheet) cannot be presented, because there is no recording of a double entry (d) cannot provide information on the cost of services (cost of service) as a tool for pricing (pricing) policy of public contracts, to control and performance evaluation

Accrual Basis Of Accounting

Accrual-based accounting means a basis of accounting in which economic transactions and other events are recognized and recorded in the accounting records and reported in the financial reporting period at the time of the transaction, not when cash or cash equivalent is received or paid. Accrual basis of accounting is used by many public sector institutions and other institutions are for-profit. International Monetary Fund (IMF) as a creditor institutions formulate Government Finance Statistics (GFS) in which advise the debtor countries to adopt accrual-based accounting in financial reporting. The reason is because the application of the accrual basis of recording time in accordance with the time of the current resource. So the accrual basis provides a precise estimate of the effect of government policy on the economy at the macro level. Additionally accrual basis provides the most comprehensive information resource for the entire flow record, including internal transactions, in-kind transactions and other economic flows.

There are several benefits that can be obtained on the application of the accrual basis, both for the user reports (user) and for the government as a provider of financial statements. These benefits include: a. can present the government's statement of financial position and changes, b.shows government accountability for the use of all resources, c.shows government accountability for the management of all assets and liabilities are recognized in the financial statements, d.shows how the government fund its activities and meet its cash needs, e.allows the user to evaluate the government's ability to medana activities and in meeting its obligations and commitments, f.assist users in making decisions about providing resources to, or doing business with entities, g.user can evaluate the government's performance in terms of cost of service, efficiency and delivery of services.

In accordance with Governmental Accounting Standards Exposure Draft, the application of the accrual basis, for example, fixed assets, to be recognized as a fixed asset, the asset must be tangible and meet the following criteria have a useful life of more than 12 (twelve) months; the cost of an asset can be measured reliably; not intended for sale in the normal operation of the entity, and acquired or constructed with the intention to use

Accrual Basis Accounting Versus Cash Basis Accounting

The difference between the two types of accounting is when revenues and expenses are recorded. In cash basis accounting, revenues are recorded when cash is actually received and expenses are recorded when they are actually paid (no matter when they were actually invoiced). Accrual basis accounting is the method of accounting most businesses and professionals are required to use by law.

Heritage Assets Definition

The terms heritage asset or cultural asset refer to assets that have unique cultural, historical, geographical, scientific, and/or environmental attributes that the Government intends to preserve indefinitely because of those attributes. They are not usually available for sale or alternative use. The agency responsible under statute or Administrative Arrangements for the provision of a particular service would normally control the heritage assets linked to that service (Act Accounting Policy, 2009). A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture (Financial Reporting Standards in A). Heritage assets may include: art, museum and library collections; historical buildings; monuments; certain land which will be preserved in its existing state to maintain the historic value to the Territory; and other cultural assets.

The service potential of a heritage asset lies in its aesthetic utility, that is, it is of historical significance or fulfils a social need that is either cultural or environmental. There need not be a functional purpose outside that utility (although some heritage assets may also provide a functional service that can be associated with financial returns).

According Webster's New Twentieth Century Dictionary (1983), heritage is "something handed down from one's ancestors or the past, as a characteristic, a culture, tradition, etc...". ASB's Statement of Principles defines assets as "Rights or other access to future economic benefits controlled by the entity as a result of past transactions or events". Rowles (1992) defines that shows heritage assets to physical assets intended people to be conserved in the not limited because of its connection to the culture, history, and environment. Oxford Advanced Learner's Dictionary 7th Edition (2005) defines as "The history, traditions and qualities that a country or society has had for many years and that are Considered an important part of its character".

According to the Requirements and Guidance for the Preparation of Financial Statements (2003), No. APS. 3: Valuation of Non-Current Assets (2004), and APS 5 defines heritage assets as assets that have the attributes of culture, history, geography, knowledge and unique environments, and the government intends to protect an unlimited time. Examples of historic assets includes a collection of art, museums, libraries, historical buildings, monuments, certain land has intrinsic value territory.

Indonesian Government Regulation No. 71 of 2010 has been governing the treatment of historic assets in Indonesia in the Standard Government Accounting (SAP).

The standard states that does not require the government to present heritage assets on the balance sheet, but the assets must be disclosed in the Notes to Financial

Statements. Told as historic assets because these assets provide public interest aspects of the culture, environment and history. For example, historical buildings, monuments, archaeological sites such as the temples and work of art. Based on the definition of heritage assets, the definition of heritage assets as "Valuable public goods and bring unique attributes related to the culture, history, education /knowledge, environment preserved and maintained in existence indefinitely "

The Characteristics of Heritage Assets

The characteristics of heritage assets (PSAP 71 tahun 2010, paragraph 68) consists of: The value of cultural, environmental, educational, and history may not be fully represented by the financial value based on market prices; applicable laws and regulations prohibit or strictly limit the release for sale; It is not easy to be replaced and its value will continue to increase over time progresses despite declining physical condition; It is difficult to estimate their useful lives. For some cases can reach hundreds of years.

Recognition of Heritage Assets

Definitions are owned by their respective countries in the world, will take effect the process of recognition of historic assets. However, to be recognized as fixed assets tangible and must have the following criteria (PSAP 71 No. 7 paragraph. 16): a. It has a useful life of 12 months, b. Such cost can be measured reliably, c. Not intended for sale in the normal operation of the entity, d. Acquired or constructed with the intention to use.

The Government Accounting Standards in the. 68-69 describes the heritage asset normally expected to be maintained in the near future limited. Heritage assets is usually evidenced by regulatory legislation applicable. The government may have a lot of assets historic acquired over the years and by acquisition varied including purchase, donation, inheritance, booty, or encumbrances. These assets are rarely held due to its ability to reason generate cash inflows, and will have serious social and the law to use it for that purpose. In the 69-70 SAP declared heritage assets should be presented in the form of units, such as the number of units owned or the number of collection unit monument, in the Notes to the Financial Statements with no value. Costs for the acquisition, construction, improvement, reconstruction must charged as an expense as incurred such expenditure cost.

These include all the costs that goes to make heritage asset conditions and locations that exist in the current period. Heritage assets also provide other potential benefits to the government other than historical value, for example historical buildings used for office space. For such cases, the assets will be applied principles The same as other fixed assets. As for the heritage assets other potential benefit is limited to the characteristics of its heritage, as examples of monuments and ruins (ruins) are not recognized as fixed assets.

Measurement of Heritage Assets

Criteria for the recognition of an object can be said to be one of the assets is measureability economic benefits that would come. Measurement a determination of the amount of dollars that should be attached to an object of assets in the event or at the beginning of the historic assets acquired. measurement kos the historic assets will be used

as baseline data to follow the physical flow object or boarding object attached to each asset.

Measurement of heritage assets if it has the same characteristics as assets can be treated the same as a fixed asset. That is by using a method particular to determine kos attached to an object.

For example, the using historical cost or fair value at the beginning of the measurement recognition of historic assets. PSAP 71 states that tangible goods meet the qualifications to be recognized as an asset and classified as fixed asset should be measured initially at cost. When fixed assets obtained with no value, the cost of the asset is the fair value at the time assets acquired. If the acquisition price is not right to know boarding a reliable fair value can then be used to estimate how kos attached to one item. A fixed asset may be received by the government as a gift or donation.

For example, the land may be awarded to local governments by the developer (developer) with no value that allows local governments to build parking lots, roads, or to spot pedestrians. An asset may also be obtained free of value through the implementation of the authority held government. For example, because of the authority and regulations, government confiscate the land and buildings then be used as a government operation. For both of the on the assets acquired should be assessed based on the fair value of the asset still obtained (paragraph.26)

Assessment of Heritage Assets

Heritage asset valuation is a process to determine the amount dollars that should be attached to each financial statement element or mail at presentation. After a thorough measurement to initial recognition, an object may experience changes in value. These changes can cause increased boarding attached to an object, or make boarding attached to an object lower. It can be caused by the depreciation of an object, object damage caused by disasters thus in need of renovation, or can be caused by an improvement with age due to regular objects. The purpose of the assessment is to represent the attributes of asset items of assets which interlock with the objective of financial statements using valuation basis appropriate.

Heritage asset valuation method in Indonesia today is the using historical cost or fair value. No SAP. 24 states goods intangible qualifies for recognition as an asset and grouped fixed asset should initially be measured at cost. If no, we can use to assess the fair value of the assets of the historic boarding. Assessment techniques in Indonesia today for this type of operational heritage assets. As for the types of non-operational heritage assets cannot be measured by kos reliable. It is caused by still not finding the right method to assess non-operational heritage assets and also the huge cost and time the old In the assessment phase of the historic asset, the Indonesian government this process by looking at the historical depreciation of the assets. Heritage assets which include fixed assets can be depreciated in accordance with the nature and characteristics of the assets them. Adjustment of fixed assets carried out by various methods systematically in accordance with the benefits.

Depreciation method used must can describe the economic benefits or potential service (service potential) that would flow to the government. The useful life of the depreciable fixed assets should be reviewed periodically

and if there is a big difference from previous estimates, the depreciation period now and in the future have to be adjusted. Method of depreciation that can be used include: (a) the straight-line method, or (b) the double-declining balance method, (c) the unit of production method (Paragraph. 54-57). Depreciation method as described above is not all applied to all types of historic assets.

Difficult to determine the amount of depreciation makes assessor must carefully estimate the historic asset. If you do not obtain the best estimate of the financial information about the assets can not be displayed. So that other relevant information should be reported in the Notes to the Financial Statements.

For example, information about reason for the inability to obtain a reliable value, quantity, nature and function of asset and the significance of its use. If there is information on maintenance costs also be included in the Notes to the Financial Statements

Maintenance of Heritage Assets

Heritage assets in accordance with the Government's aim to preserve cultural old or historical heritage that future generations remain aware how the story of the history of this happens it is necessary to the maintenance of the assets historic. Maintenance will generally mengeluarkan maintenance costs and renovations are large enough to sustain historic assets to remain in good condition. Routine maintenance costs incurred for caring for historic assets that remain in use as its function. While remodeling expenditures will increase capacity or add services its useful life. Therefore, maintenance expenditures have charged to current operations and renovation expenses must capitalized as fixed assets. Costs incurred for maintenance of historic assets recognized charged in the financial statements in the current period, but must remain capitalized if the amount of such costs exceed the amount of capital expenditure.

The amount depends on the accounting policies of each entity. In Indonesia requires that renovation expenses historic asset should be capitalized as fixed assets. SAP also requires that each reporting entity shall establish such accounting policies and criteria or a limit to the number specified fee to establish the capitalized costs. it is performed for each entias reporting will have a number and use of assets fixed differently depending on the financial condition and operations (PSAP71 No. 7 paragraph. 50-52)

Depreciation of Heritage Assets

Depreciation is a cost allocation perolahan heritage asset during benefits. Given the heritage assets are protected by the government within are not limited to, its value increased steadily despite declining physical condition, economic life is difficult to determine, in Indonesia itself still requires the depreciation on types of operational heritage assets and presented in the form of units, such as the number of collection unit or number of units owned monument, in the Notes to Consolidated Finance with no value (PSAP 71 No. 7 of 2010).

Depreciation is the government entity, asset financing process, with weights that are made in accordance with the depreciation that has been determined by consideration of the amount required to fund the replacement of assets, not as a measure of the potential services consumed. If depreciation is a process financial assets, recognition of

depreciation is only relevant if the assets are replaced (Rowles, 1992 page.55). For the Indonesian government is supposed to kind of historic assets for activities government operations are recognized and recorded in the Financial Consolidated. KSAP establish an accounting policy or guidelines in establishing procedures to determine the fair value of the operational heritage assets that the entity Indonesian government reporting using the same attributes in the assessment historic assets. So that financial statements be comparable between entities.

Disclosure of Heritage Assets

The final stage of some of the heritage assets are recognized for heritage assets reported in the financial statements of the government. Government financial reporting as a form of accountability for management of public assets. Heritage assets is one of the assets owned the public that needs the attention of the government to remain in good condition.

Government financial reporting to provide information to public, one of which is the accounting information in the form of financial statements.

Financial information serves to provide basis for decision decisions and is a tool to implement government accountability effective. In the process of presenting the historical assets, is expected to be heritage assets presented in the financial statements of the government. Considerations the reason for the presence / absence of heritage assets in government financial statements should have a definite reason. So it is not a public issue arises.

Practice the presentation of historic assets is the end of the recognition of an asset historic. In the previous explanation, some countries have a perception that differ on heritage assets. This presentation will impact the asset the historical financial statements of government. The Government Accounting Standards (SAP) of the '64 does not require Government presents a historic asset in the balance sheet, but enough are reported in Notes to the Financial Statements. The historic asset recognized in the balance sheet is an asset that has a function or used as an office. Apart from owned historic value, these items are also used in the operation of government. Therefore, there needs to be recognition of the historic assets in the balance sheet. For non heritage assets as the governments operating in the Notes to the Financial Statements should include information related to with the object. Heritage assets should be presented in the form of units, such as the number of units collection or the number of units owned monument without the use value (paragraph.68). For costs related with maintenance or reconstruction should be charged as expenditure as incurred expenditures. The fee includes all the costs that goes to make these heritage assets in existing condition and location of the current period.

III. CONCLUSION

Heritage assets are assets held by the state and must be preserved for future generations. Based on the characteristics of the heritage asset, heritage assets are valuable public goods and bring unique attributes related to culture, history, education, science, and the environment preserved and maintained in existence indefinitely. Heritage assets have service potential and future economic benefits. Government efforts to preserve heritage assets in a manner

to keep, treat, and retain its value for the benefit of the public service. Maintenance is not intended to generate revenue for the government or their own benefit, but to convey to the public that should also not be forgotten history and heritage assets is evidence that there has been a significant event affecting the life of the nation and the state.

At this stage of the historic asset recognition, the Indonesian government recognizes as fixed assets in the balance sheet if it has a reliable boarding, so it would require evidence to show what kos that attach an item. Because, basically, if the assets are valuable historic public concern that if not properly managed public will judge the government entity has a bad performance.

The next stage is the process of measurement. In this process of boarding the attached object or an item shall be traceable to produce reliable information. Presentation of heritage assets in the financial statements of the government's action is the final stage of the recognition, measurement, and assessment of heritage assets. If heritage asset "pass" in these stages the historic assets should be presented in the financial statements. The recognition of heritage assets will encourage good management of heritage assets by the controlling entity. If the asset is not recognized in the financial statements governmental entities, the public will not know the historical development of asset management within the management and control of the government."

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