

Original Article

Open Access

Accounting Recognition of Historical Assets and its Implications for the Presentation of Financial Statements

Subjects
Accounting and
Auditing

Saskia Ramadhani* & Rahmat Yuliansyah

Master of Management, Sekolah Tinggi Ilmu Ekonomi Indonesia Jakarta, Jakarta, Indonesia

ABSTRACT

Purpose: This study aims to analyze and understand the accounting treatment of the Jakarta History Museum's cultural heritage assets in terms of valuation, recognition, and disclosure, as well as the presentation of cultural heritage assets in the financial statements.

Methods: This research method aims to analyze the accounting recognition in the management of the Jakarta History Museum and the suitability of accounting provisions in the government sector. Using a qualitative research strategy, data was collected through observation, interviews, internet searches, and literature studies with relevant parties in the Museum Management Unit and the DKI Jakarta Culture Office. Data analysis was conducted through data reduction, data presentation, and conclusion drawing to obtain valid and comprehensive findings.

Findings: The results showed that the Jakarta History Museum is recognized as a cultural heritage asset and inventory. Its assets are valued in units and without value. Presentation and disclosure of historical assets are only carried out if additional assets are in CaLK, with all assets recorded in the Goods Inventory Card (KIB) E. However, the accounting application in the Jakarta History Museum Management Unit is not yet entirely by PSAP No. 7 of 2010 concerning Fixed Asset Accounting.

Practical Implications: The practical implications of this study show that the Jakarta History Museum Management Unit must improve the application of appropriate accounting standards, especially PSAP No. 7 of 2010, in the management of cultural heritage assets. This will improve the accuracy of recording and presenting historical assets and increase the transparency and accountability of the museum's financial statements. By doing this, the museum can be more effective in protecting and maintaining its historical assets while increasing public understanding of the historical value contained in these assets.

Article History:

Received: 10 Jan 2024
Revised: 5 Feb 2024
Accepted: 10 Feb 2024
Online: 14 Feb 2024

Keywords

Accounting, Historic
Assets, Valuation,
Recognition, Disclosure,
Financial Statements,
CaLK

Reviewing Editor

Muljanto Siladjaja



Corresponding Author:

Saskia Ramadhani, Email: saskiaramadhani78@gmail.com

Journal of Public Auditing
and Financial
Management

Abstrak

Tujuan: Penelitian ini bertujuan untuk menganalisis dan memahami bagaimana perlakuan akuntansi Aset Cagar Budaya Museum Sejarah Jakarta dari segi penilaian, pengakuan dan pengungkapan serta penyajian Aset Cagar Budaya dalam laporan keuangan.

Metode: Metode penelitian ini bertujuan untuk menganalisis pengakuan akuntansi dalam pengelolaan Museum Sejarah Jakarta dan kesesuaian ketentuan akuntansi di sektor pemerintah. Menggunakan strategi penelitian kualitatif, data dikumpulkan melalui observasi, wawancara, penelusuran internet, dan studi pustaka dengan pihak terkait di Unit Pengelola Museum dan Dinas Kebudayaan DKI Jakarta. Analisis data dilakukan melalui tiga tahap: reduksi data, penyajian data, dan penarikan kesimpulan untuk memperoleh temuan yang valid dan komprehensif.

Hasil: Hasil penelitian menunjukkan bahwa Museum Sejarah Jakarta diakui sebagai Aset Cagar Budaya dan sebagai inventaris. Asetnya dinilai dalam bentuk satuan dan tanpa nilai. Penyajian dan pengungkapan aset bersejarah hanya dilakukan jika ada aset tambahan dalam CaLK, dengan seluruh aset tercatat dalam Kartu Inventaris Barang (KIB) E. Namun, penerapan akuntansi di Unit Pengelola Museum Sejarah Jakarta belum sepenuhnya sesuai dengan PSAP No. 7 Tahun 2010 tentang Akuntansi Aset Tetap.

Implikasi Praktis: Implikasi praktis dari penelitian ini menunjukkan bahwa penting bagi Unit Pengelola Museum Sejarah Jakarta untuk meningkatkan penerapan standar akuntansi yang sesuai, khususnya PSAP No. 7 Tahun 2010, dalam pengelolaan aset cagar budaya. Hal ini tidak hanya akan meningkatkan akurasi dalam pencatatan dan penyajian aset bersejarah, tetapi juga meningkatkan transparansi serta akuntabilitas laporan keuangan museum. Dengan melakukan ini, museum dapat lebih efektif dalam melindungi dan memelihara aset bersejarahnya, sekaligus meningkatkan pemahaman masyarakat terhadap nilai sejarah yang terkandung dalam aset tersebut.

Kata Kunci: Akuntansi, Aset Bersejarah, Penilaian, Pengakuan, Pengungkapan, Laporan Keuangan, CaLK

1. Introduction

The government is responsible for preserving and protecting historic assets and their value to current and future generations and providing financial reporting and information on these assets. The birth of Law No. 1 in 2004 became a historical basis for changes in the management of state assets, both in terms of legal arrangements, administration, and institutional aspects. Then, after the issuance of Government Regulation No. 24 of 2005, which was revised into Government Regulation No. 71 of 2010, it was stated that historical assets are fixed assets owned or controlled by the government because of their age and condition. Applicable regulations must protect these fixed assets to avoid any action that could damage the asset and cause the extinction of the asset. Accounting for historical assets is a relevant issue (Adam et al., 2011) that raises concerns about the appropriate definition of historical assets, the process of recognizing historical assets in the financial statements, the criteria for measuring historical assets, and additional information that needs to be disclosed. In accounting valuation, assets are depreciated until they are no longer helpful to the owner. However, this is different from historic heritage assets. The benefits of these assets will always be there indefinitely. Because of this difference, the treatment of recording the asset's value is also different. In general, not all historical assets can be valued. Therefore, it remains necessary to consider the form of historic assets that can be recognized and valued and

the benefits derived from their reporting. Assets such as temples will be more challenging to value from an economic point of view. Based on PSAP No. 07/2010, historical assets are disclosed in the Notes to Financial Statements (CaLK) without value, except for some historical assets that provide greater benefits to the government than their historical value.

Among several types of fixed assets, specific properties and benchmarks are still an issue today, as Ouda (2014) states. Some assets are referred to as historical assets because of their historical, environmental, or cultural value (Aversano, 2012). These assets include monuments, historical buildings, archaeological sites, art reserves, and temples. This issue relates to the accounting treatment from the point of view of recognition, the valuation method used in valuing them, and the disclosure of these assets in the financial statements of the managing entity. Based on the research background above, the problems in this study can be formulated as follows: (1) How is the Presentation and Disclosure of Historic Assets at the Jakarta History Museum in the Financial Statements? (2) How is the accounting recognition of historic assets at the Jakarta History Museum suitable for government accounting standards? This is important, considering that inappropriate reporting and recognition practices can result in the loss of value of historical assets and difficulties in managing them.

Based on the problem formulation described above, this study aims to Explain the Presentation and Disclosure of Historic Assets at the Jakarta History Museum in the Financial Statements. Knowing the suitability of accounting recognition of Historic Assets at the Jakarta History Museum against government accounting standards. This research is expected to make a practical contribution to the management of historical assets in Indonesia and encourage the preparation of better policies for the protection and management of these valuable assets.

2. Theoretical Background

Measurement Theory

Measurement is an important aspect of scientific research. Its purpose is to make the data presented more useful and informative. This measurement theory is certainly needed to conduct an economic valuation of historical assets that have a unique time dimension and main elements.

Accounting and Assets

Accounting is the management and recording of finances that underlies the emergence of government financial reporting standards for related parties such as the DPR, the public, and BPK. In the context of government, financial reporting is known as Government Accounting Standards (SAP), which includes the preparation and presentation of Central Government Financial Statements (LKPP) and Local Government Financial Statements (LKPD). The main financial statements prescribed by SAP include the Budget Realization Report, Balance Sheet, Cash Flow Statement, and Notes to Financial Statements (CaLK). The ASOBAT Committee defines accounting as the process of identification and measurement.

Definition of Historic Assets

Historic assets are those with historical, artistic, scientific, technological, geophysical, or environmental value, which are preserved and utilized to contribute to knowledge and culture (Ouda, 2014). The government controls these assets for cultural, historical, recreational, and public purposes to generate benefits. In Indonesia, this definition is regulated in Government Accounting Standard No. 7 of 2010, which states that historical assets are fixed assets owned or

controlled by the government and must be protected from damage based on their age and condition.

Valuation of Historic Assets

Valuation is the process of collecting and processing information to determine the economic value of an object or element, which is often required to present financial statements. Differences in valuation methods are not an obstacle for entities valuing historic assets. In Indonesia, valuation methods follow the standard PSAP No. 07 of 2010 as a guideline for financial statements. The valuation is divided into two: operational historic assets are valued based on current value, while non-operational assets are valued based on categories determined by the managing entity. The assets are then recorded in the financial statements in units without monetary value.

Disclosure of Historic Assets

The government manages historic assets as a trust for present and future generations and is responsible for protecting and preserving them. Each generation must bear the cost of their protection and maintenance in return for the benefits they enjoy. According to Government Accounting Standard No. 07/2010, heritage assets are disclosed in CaLK without value, except for some heritage assets that provide more benefits to the government than historical value, for example, Bandung State Building, which is used as an office, then the asset is included in the balance sheet.

Presentation and Disclosure Model for Historic Assets

The recognition and measurement of historic assets have several important criteria. Both fixed and historic assets may not have a market value, but their costs can be recovered through social purposes similar to commercial purposes focusing on economic benefits. In addition, historic assets are often indivisible, and many other assets share the problem of lack of market or economic value. As stipulated in PSAP No. 7/2010, historical assets must be disclosed in CaLK units without value, except for some assets that provide additional benefits to the government beyond their historical value. In its disclosure, two options are available: first, historical assets can be included only in CaLK, covering assets that provide artistic, cultural, and historical benefits, where only the number of units and related information are disclosed. Second, such assets can be included in the balance sheet if they provide benefits beyond their historical value.

Depreciation of Assets

Depreciation is the systematic allocation of a fixed asset's depreciable amount over its useful life, as defined by PSAP No. 07 of 2010. In accounting, the depreciation value for each period is considered a deduction from the value of fixed assets recorded in the balance sheet and a depreciation expense that appears in the statement of operations. Based on the regulation, several depreciation methods can be used, including the straight-line, double declining balance, and unit of production methods, each with a different way of calculating asset depreciation costs.

Research Conceptual Framework

In this framework, the author definitively explains the concept of accounting for historical assets in financial reporting. After describing the theoretical basis used, the next step is to look for conformity between the Jakarta History Museum's accounting recognition practices and the current accounting standards.

3. Methods

In this study, the selection of research design begins with a qualitative approach that allows researchers to explore the phenomenon being studied in detail. The importance of choosing the right data collection and analysis methods can be seen in interviews, documentation, document analysis, and online data searches to obtain the needed information. The data used in this research is primary data obtained directly from the field through interviews with relevant parties, where the results of these interviews become the central part of the primary data. In addition, researchers also rely on secondary data as supporting data, namely financial reports from related agencies. For data collection, the methods of observation, interviews, documentation, document analysis, and online data search are applied simultaneously, so it is hoped that the combination of these five methods can produce more accurate and precise data to explain the accounting treatment of historical assets at the Jakarta History Museum.

4. Results and Discussion

Jakarta History Museum

The Jakarta History Museum, located on Jalan Taman Fatahillah No. 1, West Jakarta, has a long history that dates back to 1919 when Batavian society, especially the Dutch, became interested in the city's history. The Oud Batavia Foundation was established in 1930 to collect information about Batavia's history, and the museum was inaugurated in 1936 and opened to the public in 1939. After independence, the museum was renamed Museum Djakarta Lama and, in 1968, was handed over to the DKI Jakarta Regional Government, which turned it into the Jakarta History Museum in 1974. Since 1999, the museum has endeavored to be a place for historical exhibitions and a space for people from all walks of life, including people with disabilities, to gain knowledge and attract recreational interest. The museum presents information about Jakarta's historical journey from prehistory to the present and depicts the city as a center of cultural encounters of various ethnicities.

Presentation and Disclosure of Historical Assets at the Jakarta History Museum in the Financial Statements

Presentation and disclosure of information about the Jakarta History Museum is generally contained in the Regional Financial Management Information System (SIPKD) report. In the Notes to the Financial Statements (CaLK), historical assets are only recorded when an asset is added so that the detailed presentation can be obtained from the Goods Inventory Card (KIB) report. The assets in the report are divided into four categories: land, equipment and machinery, buildings and structures, and other fixed assets. The Jakarta History Museum records assets as units without mentioning their value for its presentation. All historical assets are recorded in KIB E, which includes 1,188 units of other fixed assets and are classified as other fixed assets.

It is important to note that the useful life of historical assets cannot be determined with certainty; this relates to the maintenance process carried out throughout the current period. The museum's presentation and disclosure refer to Government Regulation No. 71/2010 on Government Accounting Standards. In addition, historical assets require various costs, such as maintenance, restoration, and repair costs, which are periodic and variable in nature and are included in the museum's operating expenses for the current year. These operational costs are specifically

recorded in a report prepared by the Jakarta History Museum Management Unit. As stated by the Jakarta History Museum Management Unit:

"The costs incurred each year can vary depending on the needs of historical assets, such as whether they need repairs, restoration, etc. The fixed costs are employee salaries and maintenance costs. These costs are included in operational costs."
(Mr. Basuki, Expenditure Treasurer)

Based on the results of an interview conducted with the Head of the Division of Cultural Protection of DKI Jakarta Province:

"The costs needed for the current year have been planned from the previous year. If there are urgent needs outside the budget plan that has been made, then it must be seen which order is more important."

The DKI Jakarta Provincial Culture Office assesses Historic Assets. Based on an interview with the Head of the DKI Jakarta Provincial Culture Protection Division, the following information was obtained:

"The procurement of the Museum Collection will involve expert staff such as curators, historians, and archaeologists who will determine the value of a historical asset. To determine the value of a historical asset, of course, it must pay attention to its authenticity and historical value. The valuation process must be meticulous because many aspects must be considered."

"Revaluation of historical assets should be done because, from a historical perspective, the asset should be more valuable every year, and from an accounting perspective, the asset will experience depreciation every year due to certain factors. Therefore, an ongoing assessment of these historic assets should be carried out. However, the evaluation has not been carried out for now because many aspects have not been fulfilled, such as lack of experts."

Based on the quote obtained, there is some important information related to the valuation of historic assets. The economic value of these historical objects is determined by curators who have expertise in valuing these assets. In the valuation process, it is essential to pay attention to each asset's authenticity and historical value. Currently, the historical assets owned by the Jakarta History Museum are recorded in units but have no measurable value. In addition, it should be noted that a revaluation of the assets that have been owned to date has not been carried out.

The presentation and disclosures made by the Jakarta History Museum Management Unit reflect the government's responsibility to the public to report all forms of state assets under management. As a non-profit entity, the government has a different approach than a profit-oriented company. As such, the information presented in the financial statements of the Jakarta History Museum by the Management Unit does not demonstrate the value of the museum or its valuation process. Instead, the primary purpose of the presentation is to provide a clear picture of the accountability of historic asset management to the public.

Conformity of Accounting Recognition of Historical Assets at the Jakarta History Museum to Applicable Accounting Standards

Accounting recognition requires a basis or guideline to be applied and accounting recognition of historical assets. The Jakarta History Museum Management Unit, as the entity that reports on

the Jakarta History Museum, presents and discloses it in the form of units and without value, which identifies that the assets owned cannot be measured in value because they are very valuable. This is by Government Accounting Standard No. 07 of 2010, paragraph 68, which explains that:

"Historical assets should be presented in units, for example, the number of collection units owned or the number of monument units, in the Notes to the Financial Statements without value."

The Head of the Cultural Protection Division of DKI Jakarta Province also revealed:

"Historical assets are presented in the form of units and without value or Rp1 but not yet fully displayed in the Notes to the Financial Statements, only shown in the Goods Inventory Card related to other fixed assets."

According to a statement from the Head of the DKI Province Cultural Protection Division, accounting practices at the Jakarta History Museum Management Unit still do not fully follow current accounting standards. This is because the reporting of historical assets has not been organized.

In addition, the financial statements of the Jakarta History Museum Management Unit also record costs related to the management of the Jakarta History Museum as operational costs. Recognition of these costs is by Government Accounting Standard No. 07 of 2010, paragraph 69, which explains that:

"Costs for acquisition, construction, improvement, and reconstruction should be charged as expenditure in the year the expenditure is incurred. These include all costs incurred to bring historical assets to their current condition and location in the current period."

This shows that the reporting carried out by the Jakarta History Museum Management Unit, as the museum's manager, is not fully in accordance with applicable accounting standards.

Discussion

Based on the research results and analysis of the data obtained, this study aims to identify historical asset accounting practices at the Jakarta History Museum using a qualitative descriptive method. Various analysis methods were applied in this research process, such as observation, interviews, internet searches, and documentation. Through direct observation of the object of research, namely the Jakarta History Museum, the researcher found that historical assets are recognized as other assets presented in units without value. In addition, costs related to historical assets are included in the current year's expenditure. However, the presentation of information about historical assets is only listed on the Goods Inventory Card and has not been presented in the Notes to the Financial Statements (CaLK). This situation shows that the accounting practices carried out by the Jakarta History Museum Management Unit are still not fully covered by PSAP No. 07 of 2010 because there are discrepancies in the recognition and presentation of historical assets.

5. Conclusion

Based on the research results and discussion in the previous chapter, it can be concluded that historical assets at the Jakarta History Museum are fixed assets owned or controlled by the government and must be protected because of their importance for history, science, education, religion, and culture. These historical assets are presented in the Goods Inventory Card (KIB) E in the form of units without value, and the related costs are included in the operational report by the provisions of PSAP No. 07 of 2010. However, accounting practices in this museum have not fully complied with PSAP No. 07 of 2010, where the presentation of historical assets has not been fully seen in the Notes to the Financial Statements (CaLK), so a better understanding of the applicable accounting standards is needed. As for the limitations of the research, although an in-depth analysis has been conducted, this research still has room for further development, especially related to the recognition and presentation of historical assets. Suggestions for future research include the need for the Jakarta History Museum Management Unit to be more consistent in applying PSAP No. 07 of 2010 and increasing the manager's knowledge related to historical assets. In addition, future researchers are advised to expand the research subjects to obtain information directly from those who value historical assets, as well as explore international accounting guidelines or standards relevant to be applied in Indonesia.

References

- Anggraini, Fauziah Galuh, and Anis Chairi. (2014). Accounting Treatment for Historic Assets (Phenomenological Study on Borobudur Temple Management). *Diponogoro Journal Of Accounting*, 2(2): 1-13.
- Darmawan, Cokroda Bagus, I Ketut Yadnyana, and I Putu Sudana (2017). Revealing the Accounting Treatment of Historic Assets (Interpretive Study at the Semarajaya Klungkung Museum). *E-Journal of Economics and Business Udayana University* 6.5, 1785-1816.
- Ferri, Paolo., Shannon IL Sidaway and Garry D. Carnegie. (2019). The paradox of accounting for cultural heritage: a longitudinal study on the financial reporting of heritage assets of major Australian public cultural institutions (1992–2019). *The paradox of accounting for cultural heritage*
- Masitta, RM, and Chariri, A. (2015). Heritage Assets Accounting Problems: Recognition, Valuation and Disclosure in Financial Statements (Case Study on the Management of the Ronggowarsito Central Java Museum). *Dipenegoro Journal of Accounting*, 4(3): 1-11.
- Ouda, Hassan AG (2014). Towards a Practical Accounting Approach for Heritage Assets: An Alternative Reporting Model for the NPM Practices. *Journal of Finance and Accounting*, Vol. 2, No. 2, 19-33.
- Rida, Said Ikhsan and Hasar Basri (2018). Analysis of Recognition, Valuation, Presentation and Disclosure of Historic Assets in the Financial Statements of Aceh Regional Government Entities 9A Case Study on the Baiturrahman Grand Mosque). *Scientific Journal of Accounting Economics Students (JIMEKA)*, Pages 156-166.
- Safitri, Mia Rizky and Mirna Indriani. (2017). Accounting Practices For Historical Assets Study Phenomenology at the Aceh Museum. *Scientific Journal of Accounting Economics Students (JIMEKA)*. Vol. 2, No. 2, (2017) Pages 1-9

- Sholikah, Mar'atus and Bety Nur Achadiyah. (2017). Accounting Treatment for Historical Assets "Candi Rimbi" Jombang. Nominal Journal, Vol VI No 2.
- Tome, Martini S Dira and Yohanes Demu (2020). Accounting Treatment of Historic Assets in Study Financial Statements at the East Nusa Tenggara Regional Museum. Journal of Accounting: Transparency and Accountability, Vol. 8, No.1, pp.11-18.
- Widodo, Heri, Nur Ravita Hanun and Retno Wulandari (2020). Accounting Treatment for Heritage Assets: A Case Study on Management of Pari Temple . Journal of Accounting and Investment, Vol. 21 No. 1.
- Wild, S. (2013). Accounting for Heritage, Cultural and Community Assets Alternative Metrics from A New Zealand Maori Educational Institution. . Australian Accounting, Business And Finance Journal (Aabfj), 7(1): 1-22.

Acknowledgment

the authors are grateful to the various reviewers for their constructive comments in shaping the manuscript.

Funding

Not applicable

Conflicts of interest/ Competing interests:

The authors have no conflicts of interest to declare that are relevant to the content of this article.

Data, Materials and/or Code Availability:

Data sharing is not applicable to this article as no new data were created or analyzed in this study

Publisher's Note

Imperium Research Institute remains neutral with regard to jurisdictional claims in published maps and institutional affiliations

Cite this paper:

Ramadhani, S., & Rahmat, Y. (2024). Accounting Recognition of Historical Assets and its Implications for the Presentation of Financial Statements. *Journal of Public Auditing and Financial Management*, 4(1), 43-52. <https://doi.org/10.36407/jpafm.v4i1.1634>

