

Private Equity Financial Accounting Standards (SAK EP): Simpler Financial Accounting Standards

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SAK EP is designed to meet the financial reporting requirements of private entities as described in Chapter 1, *Private Entities*.

SAK EP is intended for use by entities that do not have public accountability and publish general-purpose financial statements for external users. However, entities that have public accountability can use SAK EP if the regulatory authority permits the use of SAK EP. SAK EP is prepared based on the topics stated in Chapters 1 to Chapter 35. Cross-references to other chapters or paragraphs only apply between chapters in SAK EP.

On June 30, 2021, the Financial Accounting Standards Board of the Indonesian Accountants Association (DSAK IAI) ratified the SAK EP which is an adoption of *IFRS for SMEs* considering

conditions in Indonesia. SAK EP goes into effect in 2025; however, it can be applied earlier. SAK EP will replace SAK Entities Without Public Accountability (SAK ETAP).

SAK EP was designed to meet the financial reporting requirements of private entities, i.e. entities without public responsibility, and to issue general-purpose financial statements for external users. Entities subject to public accountability may use SAK EP if the regulating authority's regulations allow it.

SAK EP is simpler than General SAK which is based on IFRS. The differences between SAK EP, General SAK, and SAK ETAP are as follows on the next page.



Aspects	General SAK	SAK ETAP	SAK EP
Objectives of the Financial Statement	Provide financial information to users for economic decision making.	Present general-purpose financial information to external users.	Present general-purpose financial information to external users.
Entity User	Used by a corporation with major public accountability and listed on the Indonesian Stock Exchange, such as Public State-owned Enterprises and Public Companies.	Used by companies without significant public accountability.	Used by companies without significant public accountability and public entities that are permitted to use SAK EP by the authorities.
Effectively Applicable	January 1 st , 2015.	January 1 st , 2011.	January 1 st , 2025, but early application is permitted as of January 1 st , 2022.
Financial Report Components	a. Financial Position Report b. Profit and Loss Report and Other Comprehensive Income c. Changes in Equity d. Cash Flow Statement e. Notes in Financial Statements (Direct and Indirect Methods)	a. Balance Sheet b. Income Statement c. Changes in Equity d. Cash Flow Statement e. Notes to Financial Statements (Indirect Method Only)	a. Financial Position Report b. Comprehensive Income and Profit and Loss Statements c. Changes in Equity d. Cash Flow Statement e. Notes to Financial Statements (Direct and Indirect Methods)
Accounting Recording:			
Initial Measurement of Inventory	Using the Lower-of-Cost-or-Net Realizable Value (LCNRV) method.	Using the LCNRV method.	Using the LCNRV method.
Next Inventory Measurement	First-In First-Out (FIFO) or average method.	FIFO or average method.	FIFO or average method.
Initial Measurement of Investment in Associated Entities and Joint Ventures	Equity method.	Cost method.	Choose the cost, fair value, or equity method.
Fixed Asset Measurement	Cost model method and revaluation model.	Cost model method.	Cost model method and revaluation model.
Measurement of Intangible Fixed Assets	Acknowledge goodwill.	Does not recognize goodwill.	Acknowledge goodwill.

In SAK EP, fair presentation of financial statements requires an honest presentation of the impact of transactions, events, and other conditions in accordance with the definitions and criteria for recognizing assets, income, and expenses as regulated in Chapter 2, Pervasive Concepts and Principles.

SAK EP is equipped with an Illustrative Financial Report Example. These examples as well as the examples presented

in this SAK EP Chapter are examples adopted by *IFRS for SMEs* (*IFRS for SMEs* version 2015 which became effective January 1, 2017). The application of these examples require greater attention when it comes to suitability with practices in Indonesia.

SAK EP will be effective on January 1, 2025, but early implementation is permitted.



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