

Welcome to issue 41 of Wake Up Call—RSM Indonesia newsletter covering topics on audit, accounting, business, corporate finance, governance, internal control, management, risk, taxation.

- Anticipating the Next Adoption of New Auditor Reporting Standards
- Bank Financing Strategy
- Our Activities

ANTICIPATING THE NEXT ADOPTION OF THE NEW AUDITOR REPORTING STANDARDS

Benny Andria, Audit Assurance Practice



The International Auditing and Assurance Standards Board (IAASB) has issued the new and revised Auditor Reporting Standards together with the related amendments. This new standards is effective for all financial statements auditor the period ending December 15, 2016 or after. The objective of this new standard is to enhance the communicative value and the relevance of the auditor's report by revising existing International Standards on Auditing (ISA) or adding new ISA. However, the Auditing Standard Board of the Indonesian Institute of Certified Public Accountant to date has not release any publication related the adoption of these new Standards. Below are some of the things that Audit Committee and/or users of financial statement need to know about these new Auditor Reporting Standards.

Why does IAASB change the current auditor's report?

IAASB explained that the auditor's report is the key deliverable that addresses the output of the audit process. While users of the financial statements have signaled that the auditor's opinion on the financial statements is valued, many of them have called for the auditor's report to be more informative and relevant.

What is the expected benefit of the changes?

The IAASB intends to increase the level of confidence on the audit of public interest's financial statements. It also intends to increase transparency and enhanced informational value of the auditor's report. The other benefit also expected are to enhanced communication between auditor and investors, to increase attention of users to the disclosures in the financial statements, and to renew the focus of the auditor on matter to be reported.

Which ISAs are changing?

The new and revised auditor reporting standards comprise:

- ISA 700 (Revised): Forming and Opinion and Reporting on Financial Statements;
- New ISA 701: Communicating Key Audit Matters in the Independent Auditor's Report;
- ISA 705 (Revised): Modifications to the Opinion in the Independent Auditor's Report;
- ISA 706 (Revised): Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report;
- ISA 570 (Revised): Going Concern;
- ISA 260 (Revised): Communication with Those Charged with Governance;
- ISA 720 (Revised): The Auditor's Responsible Relating to Other Information

What is the effect on the financial reporting process?

The enhancement to the auditor's report is built upon the concept of how to do a risk based audit as addressed in ISA. The changes to the ISAs do not necessarily change the underlying work effort required in an ISA audit, but rather they focus on increasing transparency. The information provided in the auditor's report are expected to be entity-specific, in particular about the entity and its financial performance, including adequate disclosures in accordance with the applicable financial reporting framework. This information remains the responsibility of the management, with the oversight of those charged with governance.

What are the key enhancement to the auditor's report?

Under the new and revised standards, it is mandatory to include a new section in the auditor's report to communicate Key Audit Matters (KAM) for audit of financial statements of listed entities. However, it is voluntary for entities other than listed entities. KAM consist of matters that, in the auditor's judgment, were of most significance in the audit of the current-period financial statements.

For all entities, the Opinion Section is required to be presented first. This is then followed by the Basis for Opinion section. The auditor's report should also have an affirmative statement about the auditor's independence and fulfillment of relevant ethical responsibilities. The report also have to enhanced description of the responsibilities of the auditor and key features of an audit, together with the provision that certain components of this description may be presented in an appendix to the auditor's report (or, where law, regulation or national auditing standards expressly permit).

What should be prepared for the changes?

For a number of people, this is one of the most significant changes made in financial audit history. The final result provides more transparency,, and better describes what an audit is and what the auditor does. Audit firms need to not only develop their internal methodologies to support effective implementation of the ISAs, but also need to raise awareness of the audit committee and the management of the entities where audit are being performed.

Audit committee and CFO or others responsible for preparing financial statements will need to understand the implications of the extended communication from the auditor, as well as the importance of their role in the process, especially the communication of KAM and its related financial statements' disclosures. KAM provides an opportunity to share the auditor's perspective with users on the matters that were of most significance in the audit of the current period. In addition, and importantly, these changes can force more robust dialogue between audit committee and the auditors during an audit process.

What is included in the description of a KAM?

The description of a KAM should be clear, concise, understandable, and entity-specific, and should provide relevant information for the intended users of the financial statements. ISA 701 provides flexibility to describe more broadly "how the matter was addressed in the audit", rather than specifically requiring a description of the auditor's response, findings, or procedures. The amount of detail necessary to do so is a matter of professional judgment.

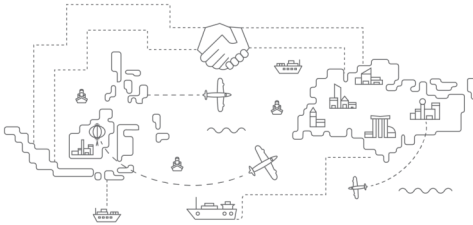
For further information, please contact:

audit@rsm.id



The profile of our Chairman and Chief Executive Partner, Amir Abadi Jusuf was featured on March edition of SWA Magazine, where he shared his success story.

BANK FINANCING STRATEGY



Wiljadi Tan, Corporate Finance & Transaction Support Practice

Debt financing is often an important part of growing a business. While the process of obtaining debt financing is considered simple, there are basic issues that need to be understood and considered.

Competition is an inevitable fact for a company in running the business. Growing a business is already a requirement for companies not only to compete but to survive. To Grow or Die!

In funding the growth, companies have two sources of funds – Equity and Debt. Each type of funding has their own cost and benefit. Assuming shareholders have limited capacity on equity and a debt to equity ratio is still maintained, debt funding would be the choice.

Debt funding basically has two types – Banks or other financial institutions and bonds or Medium Term Notes (MTN). Each of them also has their own cost and benefit. We would need to assess which option would be the most beneficial for a company under the circumstances.

Assuming you have assessed the cost and benefit and decided that Bank financing is the most beneficial choice, then there are several major issues we need to address in order to be successful in raising the fund.

Put ourselves at the bankers' perspective, we need to understand the main aspects they would need to consider in reviewing a funding project. The first aspect would be the company reputation; in particular company's

lending history. This assessment is a starting point of any credit analysis procedure since it will reveal company's track record and character of the ultimate shareholders/sponsors.

Furthermore, the company's experience in its current business operation will be other criteria. Usually, banks expect the sponsors to have at least 2 (two) years of experience. We will need to support documents including Certificate of Association, audited Financial Statements, and transactions records as per Bank Statements.

Preparing a comprehensive business plan including financial statements projections with positive cash flow projection, loan facility structure, the availability and quality of collateral, profile of the key person that run the company and supported with proper company's legal & other commercial data are very crucial for a successful funding. For green field projects, bank always require feasibility study as a requirement of data completeness.

Other operational risks that would be addressed will include assessment of the availability of raw materials, technology and consumers. We can mitigate this by preparing binding contracts between the company and

stakeholders such as suppliers, vendors, and customers. In some projects bankers will insist to have proper Off-take Agreements.

Some banks have different exposures and appetite in each business sector. Finding the right banks with the good exposures and appetite in the manufacturing sectors would also need to be considered. Several banks might decide to reduce their exposures in coal while increasing exposures in infrastructure for example. Further, size of the proposed debt will also determine the right banks to be approached.

Lastly, we would need to convince the bank that we do know the business very well and have good experience or exposures with the specific business model. So financial, operational, and performance risks would likely be addressed and mitigated.

For further information, please contact:

corfin@rsm.id

Indonesia Facts

KARAPAN SAPI is a traditional bull racing festival on the Indonesian island of Madura. Every year from about July through October, local bulls are yoked to wooden skids and raced for 130 meters, similar to a chariot race. There are several of these races throughout the season, and there is a final trophy race held in Pamekasan.

The bulls participating in the event are adorned with gold and other decorations, and the event may be accompanied by Gamelan music, food, and wagers on the outcome of the race.

A depiction of the festival was featured on the reverse of the 100 rupiah coin for Indonesia from 1991 to 1998. Indonesian stamp in 2009 also depicted the race along with Surabaya–Madura Bridge.

Source : Wikipedia



wake up call

is also available in a consultancy column published at The Jakarta Post and Bisnis Indonesia

wake up call

Persiapan Initial Public Offering (IPO)

Perusahaan adalah perusahaan publik yang menawarkan sahamnya kepada publik untuk pertama kalinya. Proses ini disebut sebagai IPO (Initial Public Offering).

Proses IPO melibatkan beberapa langkah, termasuk persiapan dokumen, penilaian perusahaan, dan pendaftaran ke otoritas regulasi.

Salah satu tantangan utama dalam persiapan IPO adalah memastikan bahwa perusahaan memenuhi semua persyaratan regulasi.

Proses IPO juga melibatkan penilaian perusahaan oleh lembaga rating untuk menentukan nilai pasar yang wajar.

Setelah persiapan selesai, perusahaan dapat mengajukan permohonan untuk melakukan IPO.

Proses IPO adalah proses yang panjang dan kompleks, tetapi sangat penting untuk pertumbuhan perusahaan.

Proses IPO juga melibatkan penilaian perusahaan oleh lembaga rating untuk menentukan nilai pasar yang wajar.

Setelah persiapan selesai, perusahaan dapat mengajukan permohonan untuk melakukan IPO.

Proses IPO adalah proses yang panjang dan kompleks, tetapi sangat penting untuk pertumbuhan perusahaan.

Proses IPO juga melibatkan penilaian perusahaan oleh lembaga rating untuk menentukan nilai pasar yang wajar.

Setelah persiapan selesai, perusahaan dapat mengajukan permohonan untuk melakukan IPO.



wake up call

Mengukur Pendapatan atas Jasa

Perusahaan jasa adalah perusahaan yang menyediakan layanan kepada klien. Pendapatan atas jasa adalah pendapatan yang diterima perusahaan dari klien.

Proses pengukuran pendapatan atas jasa melibatkan beberapa langkah, termasuk penilaian biaya dan penetapan harga.

Salah satu tantangan utama dalam pengukuran pendapatan atas jasa adalah memastikan bahwa perusahaan menggunakan metode yang akurat.

Proses pengukuran pendapatan atas jasa juga melibatkan penilaian perusahaan oleh lembaga rating untuk menentukan nilai pasar yang wajar.

Setelah pengukuran selesai, perusahaan dapat menggunakan informasi ini untuk meningkatkan kinerja.

Proses pengukuran pendapatan atas jasa adalah proses yang panjang dan kompleks, tetapi sangat penting untuk pertumbuhan perusahaan.

Proses pengukuran pendapatan atas jasa juga melibatkan penilaian perusahaan oleh lembaga rating untuk menentukan nilai pasar yang wajar.

Setelah pengukuran selesai, perusahaan dapat menggunakan informasi ini untuk meningkatkan kinerja.

Proses pengukuran pendapatan atas jasa adalah proses yang panjang dan kompleks, tetapi sangat penting untuk pertumbuhan perusahaan.

Proses pengukuran pendapatan atas jasa juga melibatkan penilaian perusahaan oleh lembaga rating untuk menentukan nilai pasar yang wajar.

Setelah pengukuran selesai, perusahaan dapat menggunakan informasi ini untuk meningkatkan kinerja.



wake up call

Akuntansi Tanaman Perkebunan

Salah satu tantangan utama dalam akuntansi tanaman perkebunan adalah memastikan bahwa perusahaan menggunakan metode yang akurat.

Proses akuntansi tanaman perkebunan juga melibatkan penilaian perusahaan oleh lembaga rating untuk menentukan nilai pasar yang wajar.

Setelah akuntansi selesai, perusahaan dapat menggunakan informasi ini untuk meningkatkan kinerja.

Proses akuntansi tanaman perkebunan adalah proses yang panjang dan kompleks, tetapi sangat penting untuk pertumbuhan perusahaan.

Proses akuntansi tanaman perkebunan juga melibatkan penilaian perusahaan oleh lembaga rating untuk menentukan nilai pasar yang wajar.

Setelah akuntansi selesai, perusahaan dapat menggunakan informasi ini untuk meningkatkan kinerja.

Proses akuntansi tanaman perkebunan adalah proses yang panjang dan kompleks, tetapi sangat penting untuk pertumbuhan perusahaan.

Proses akuntansi tanaman perkebunan juga melibatkan penilaian perusahaan oleh lembaga rating untuk menentukan nilai pasar yang wajar.

Setelah akuntansi selesai, perusahaan dapat menggunakan informasi ini untuk meningkatkan kinerja.

Proses akuntansi tanaman perkebunan adalah proses yang panjang dan kompleks, tetapi sangat penting untuk pertumbuhan perusahaan.

Proses akuntansi tanaman perkebunan juga melibatkan penilaian perusahaan oleh lembaga rating untuk menentukan nilai pasar yang wajar.



wake up call

Football Stars as Intangible Assets

Salah satu tantangan utama dalam menilai bintang sepak bola sebagai aset tidak berwujud adalah memastikan bahwa perusahaan menggunakan metode yang akurat.

Proses penilaian bintang sepak bola sebagai aset tidak berwujud juga melibatkan penilaian perusahaan oleh lembaga rating untuk menentukan nilai pasar yang wajar.

Setelah penilaian selesai, perusahaan dapat menggunakan informasi ini untuk meningkatkan kinerja.

Proses penilaian bintang sepak bola sebagai aset tidak berwujud adalah proses yang panjang dan kompleks, tetapi sangat penting untuk pertumbuhan perusahaan.

Proses penilaian bintang sepak bola sebagai aset tidak berwujud juga melibatkan penilaian perusahaan oleh lembaga rating untuk menentukan nilai pasar yang wajar.

Setelah penilaian selesai, perusahaan dapat menggunakan informasi ini untuk meningkatkan kinerja.

Proses penilaian bintang sepak bola sebagai aset tidak berwujud adalah proses yang panjang dan kompleks, tetapi sangat penting untuk pertumbuhan perusahaan.

Proses penilaian bintang sepak bola sebagai aset tidak berwujud juga melibatkan penilaian perusahaan oleh lembaga rating untuk menentukan nilai pasar yang wajar.

Setelah penilaian selesai, perusahaan dapat menggunakan informasi ini untuk meningkatkan kinerja.

Proses penilaian bintang sepak bola sebagai aset tidak berwujud adalah proses yang panjang dan kompleks, tetapi sangat penting untuk pertumbuhan perusahaan.

Proses penilaian bintang sepak bola sebagai aset tidak berwujud juga melibatkan penilaian perusahaan oleh lembaga rating untuk menentukan nilai pasar yang wajar.



Find the article on our website
www.rsm.id

Our activities



Network Gathering "Indonesia's Economic Outlook 2017"

Every year RSM Indonesia held a network gathering just to get together with our clients and network. As usual the gathering also feature Faisal Basri, a prominent economist and a "friend" of our firm, who share insight about Indonesia's economic outlook 2017. The gathering was held on 7 March 2017 in Soehanna Hall, Energy Building Jakarta as part of RSM Indonesia's 32nd Anniversary.



RSM Indonesia 32nd Anniversary



On 4 March, we celebrated RSM Indonesia 32nd anniversary. This year, we had a small celebration in the office and attended by all staff and partners.

New Partners at RSM Indonesia

During the last quarter, several partners has joined the RSM Indonesia team. We hope that you will be seeing them more in the following year to come.



Deddy S. Koesmana started his career 38 years ago and experienced in managing posts in various industries. In the professional services industry, Deddy was a leader at E&Y Indonesia and Deloitte Indonesia.

Prior joining RSM Indonesia, Deddy was Deloitte Indonesia's Risk Consulting Leader.

At RSM Indonesia, Deddy will be holding the role of Managing Partner of Consulting Practice and manages the GRC, IT, General Consulting, and Corporate Finance/Transaction Support services.



Chandra Susanto has 16 years of internal audit experience, including working as an internal audit consultant in one of the Big-4 Firm. Before joining us, Chandra was a General Manager of the Internal Audit Division in a publicly listed company, PT Elang Mahkota Teknologi Tbk. Some of Chandra's experiences are with Deloitte Touche Tohmatsu, PT Indofood Sukses Makmur Tbk and PT Indocement Tungal Prakarsa Tbk. Chandra finished his Bachelor of Information System degree majoring in Computerized Accounting, in 1999.

Thank you for reading.

Audit Assurance
Business Services
Corporate Finance
Governance Risk Control
IFRS Services
IT Consulting
Tax
Transaction Support



@ID_RSM



RSM ID



RSM Indonesia



RSM Indonesia

Opinions expressed in these articles are the personal view of RSM Indonesia and are not intended as specific business advice. It might contain extracted information from publicly disclosed information. Though this publication was prepared in cautiousness, no warranty is provided for the information it contains and no liability is accepted for any statement or opinion presented. Readers of this material are recommended to seek professional advice before making any business decisions.

Contact us at newsletter@rsm.id to subscribe, unsubscribe, or to receive printed copy of Wake Up Call
For general queries, contact us at inquiry@rsm.id

RSM Indonesia

Plaza ASIA Level 10
Jl. Jend. Sudirman Kav. 59
Jakarta 12190 Indonesia

www.rsm.id

RSM is represented in Indonesia by Amir Abadi Jusuf, Aryanto, Mawar & Rekan, PT RSM Indonesia Konsultan; PT RSM Indonesia Mitradaya; PT RSM Indonesia Mitradana. RSM's Indonesian member firms work closely together within Indonesia. Each firm is a separate and independent legal entity and a member of the RSM network and trades as RSM. The RSM network is not itself a separate legal entity in any jurisdiction.