

WAKE UP CALL

Welcome to issue 39 of Wake Up Call—RSM Indonesia newsletter covering topics on audit, accounting, business, corporate finance, governance, internal control, management, risk, taxation.

In this issue:

- Cloud Based Payroll
- Picture the Place is now Live!
- PSAK 69: Gird Your Loins Up
- Our Activities

CLOUD BASED PAYROLL



Oki Suprayogi, Tax Practice

Your business may have started in your home with a computer and without any employee, but as it grows, you probably see how processes need to be streamline so that service/product to go right.

To streamline company processes and keep efficiency at its peak, many small businesses have been switching to cloud-based software. One of the more tedious and consistent tasks of every business is completing payroll every pay period. It may be that payroll is something you handle yourself, or it may be a job you hire a CPA, accountant, or in house payroll manager to complete. Whichever process you use, it may be time to consider the benefit of what cloud-based payroll can contribute in the long run.

Increase Employee Productivity

Being able to share information stored in the cloud among all personnel involved in processing payroll is a huge efficiency booster. There is no need to email other co-workers or work together to sort out files because all information is stored in one place.

Another good thing about cloud-based software is the features available or bundled with the product which you can add or remove at any time. These features share company information in real time, increasing your workforce productivity. For instance, it can collect your employees' time and attendance record from a time clock or computer, and convert it into hours worked to calculate employee compensation in payroll.

Data Retention

Perhaps one of the greatest benefit of cloud-software is that there is no need to keep paper documents or external storage systems on hand in the instance your information went missing or a computer crashes. Cloud

storage saves all your company info so you won't lose sleep at night. With payroll software this means all of your employee's punches, schedules, taxes withheld, employee records, deduction amounts, cost center numbers, and pay rates are all saved and available at any time.

Accessibility

Accessibility is a huge advantage for businesses switching to the cloud. As a business owner or even an employee of one, you probably wear several different hats for your role. This probably requires you to be away from the office, which at times is most likely unannounced or sporadic. If your payroll software is installed on your computer at the office, you'll need to come up with an alternative plan for processing company payroll. With cloud-based payroll software, instances like these are no problem at all. All you need is an internet connection and you are ready to go.

If you are a business owner (of any size) you are more than likely be price conscious. If cost saving is key to you, the price tag on cloud payroll software may be a bit of a shock. What important is that you keep in mind all of the benefits above. Benefit includes data retention, accessibility, increased productivity, and streamlined processes that will end up saving your business money in the long run.

Is cloud-based payroll a safe solution for business?

With many cyber-attacks happening, it makes sense if a business be hesitant to trust the cloud with their sensitive information such as payroll

data, employee personnel information.

Cloud-based payroll solution can be as safe as other options, or not safer. However, there are measures to ensure its safety through security strengthening, such as regular IT security control audit to ensure security protocols are up to standard, security scans that consistently run on the providers' server, dedicated staff that continually implement software updates to detect weaknesses, constant on-site security at server location, all pertinent information is encrypted and protected.

Extra Steps for Security

Software users are also responsible for protecting their information as well. The following steps should be taken in order to further protect sensitive information: create a strong password, securely store passwords, look out for suspicious web activity, and implement two-steps authentication. Taking those additional four steps are important to make sure you, as the end-user, are implementing best practices to keep information secure.

Cloud-Based Security

While cloud-based payroll is still in its infancy stages, more and more businesses are beginning to see the benefits of processing payroll in the cloud. Features such as external security, lower upfront costs, and continual updates are just a few of the highly desired features that come with a cloud-based model.

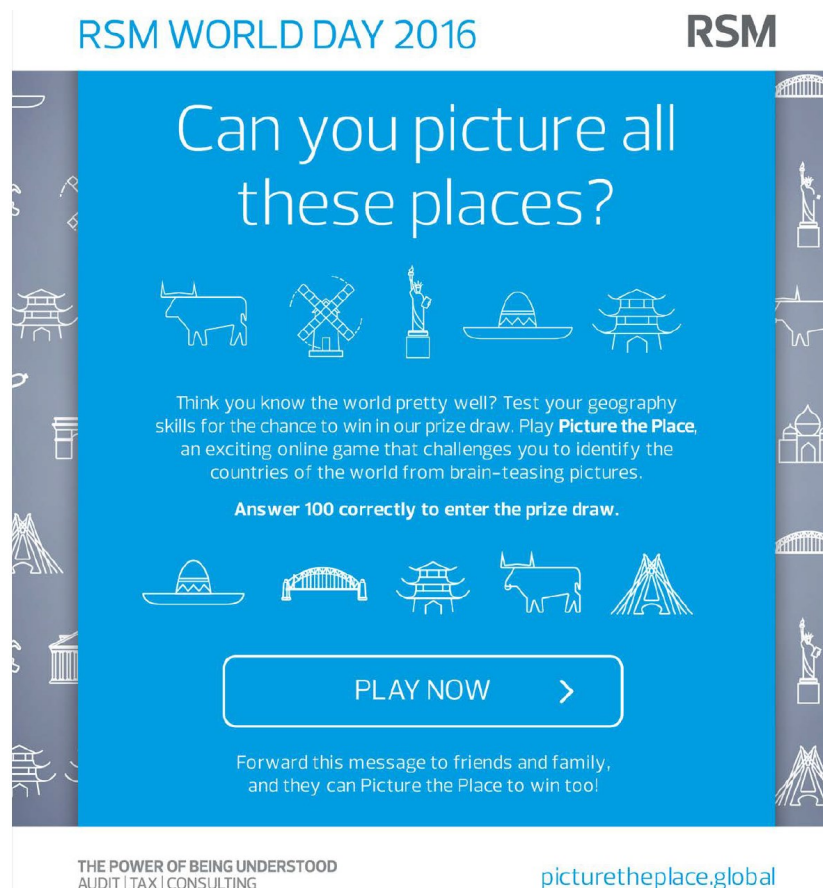
For further information, please contact:

tax@rsm.id

PICTURE THE PLACE IS NOW LIVE!

To celebrate RSM World Day 2016,
we have created an addictive online game called Picture the Place.

The game contains over 100 cards with illustrations – one for each country in which RSM has representation. Some are easy, some will take a little thinking time, and a few are quite challenging.



How does it work?

Type in the name of the country you think the illustration represents. If you guess correctly the card then flips and shows a fact about the country.

If you get it wrong... keep guessing!
You need to correctly guess 100 countries to be entered into the prize draw to win travel vouchers.

Where can I play it?

The game has been built so it can be played on all devices, including tablets, desktop computers and mobile phones. So you can play it anywhere!

It is also optimised for sharing digitally across social media, websites and email.

Don't worry if you don't get all the answers right in one go (we wouldn't expect you to anyway).

You can save your progress wherever you are and will be given a code so you can return later to carry on playing.

Who can play it?

Everyone!

Picture the Place is open to all, so you can share it with your family and friends.

The more the merrier.
You can even give your answers in either in English, Arabic, French, German, Spanish, Italian, Hindi or Chinese.

We want to get as many people playing this as possible over the next few months.

So get sharing and start guessing!

PSAK 69: GIRD YOUR LOINS UP

Franz Silalahi, Audit Assurance Practice



PSAK 69 requires biological assets and agricultural produce at the point of harvest to be measured at fair value less costs to sell. It will be effective on 1 January 2018 and company need to prepare for the implementation. Some important matters to be considered are observable information to perform the valuation, engaging a valuation expert, the effect of price fluctuation, and how to interpret the figures to formulate an action.

PSAK 69 "Agrikultur" adopts IAS 41 "Agriculture" and will be effective on 1 January 2018. It prescribes, among other things, the accounting treatment for biological assets during the period of growth, degeneration, production, and procreation, and for the initial measurement of agricultural produce at the point of harvest. The following table illustrates the scope of PSAK 69:

Biological Assets	Agricultural Produce	Product after Harvest
<ul style="list-style-type: none">• Dairy• cattle• Plant• Trees in plantation forest	<ul style="list-style-type: none">• Milk• Harvested cane• Felled trees	<ul style="list-style-type: none">• Cheese• Sugar• Logs, lumber

PSAK 69 requires measurement at fair value less costs to sell from initial recognition of biological assets up to the point of harvest. It is applied to agricultural produce, only at the point of harvest. However, the measurement of product after harvest is covered by PSAK 14 "Persediaan". Notice that bearer plants' measurement (e.g. productive palm oil trees) is not covered by PSAK 69 as PSAK 16 would apply for such measurement. Further, PSAK 69 requires that the measurement of biological assets is separated from the measurement of the land (e.g. plantations).

Fair value is the price that would be received to sell the biological asset or agricultural produce in an orderly transaction between market

participants at the measurement date. Costs to sell include commissions to brokers and dealers, levies by regulatory agencies and commodity exchanges, and transfer taxes and duties. Costs to sell exclude transportation and other costs necessary to get the asset to a market. Therefore, fair value is a market price less transportation and other costs necessary to get the asset to a market.

When it comes to fair value measurement, management is required to make careful assumptions and exercise judgments based on observable information as quoted price may not be available. Here are some matters for management to consider in order to get ready for PSAK 69.

Observable information

In lots of cases, the measurement of biological assets at fair value requires inputs of information that is not readily available. Management needs to understand what information that is needed in order to perform the valuation and consequently, where to look for such information.

Engaging a valuation expert

If management decide to appoint an expert to perform the valuation, management needs to ensure that the expert has the required expertise and experience in performing valuation on the particular asset.

Having experience in performing valuation on biological assets is Important, because it enables the expert to appropriately determine the factors that affect the value of the assets and exercise necessary judgments. Management also need to be actively involved in the process, raising queries, and providing necessary information to the expert. Remember, it's management who assumes responsibility on the preparation and fair presentation of the financial statements.

Effect of price fluctuation

The quoted price of an agricultural produce in international market may affect the valuation of the biological assets. Therefore, significant price fluctuation may result in significantly higher or lower of fair value of biological assets and distort the financial statements. Management needs to understand how to incorporate this information into the valuation, also, how to communicate this information to investors.

How to interpret the figures

Fair valuation exposes the financial statements to volatility of earnings. When a company recognizes gains or losses on valuation of a biological assets, the management needs to be aware of how it's arisen and what it

For further information, please contact:

audit@rsm.id



Indonesia Facts

The Sumatran tiger (*Panthera tigris sumatrae*) is a rare tiger subspecies that inhabits the Indonesian island of Sumatra.

It has been listed as Critically Endangered on the IUCN Red List in 2008 as the population was estimated at 441 to 679 individuals, with no subpopulation larger than 50 individuals and a declining trend.

The Sumatran tiger is the only surviving member of the Sunda Islands group of tigers that included the now extinct Bali tiger and Javan tiger.

Sumatran tigers persist in isolated populations across Sumatra. They occupy a wide array of habitats, ranging from sea level in the coastal lowland forest of Bukit Barisan Selatan National Park on the south-eastern tip of Lampung Province to 3,200 m (10,500 ft.) in mountain forests of Gunung Leuser National Park in Aceh Province. They have been repeatedly photographed at 2,600 m (8,500 ft.) in a rugged region of northern Sumatra, and are present in 27 habitat patches larger than 250 km² (97 sq. mi). Analysis of DNA is consistent with the hypothesis that Sumatran tigers became isolated from other tiger populations after a rise in sea level that occurred at the Pleistocene to Holocene border about 12,000–6,000 years ago. In agreement with this evolutionary history, the Sumatran tiger is genetically isolated from all living mainland tigers, which form a distinct group closely related to each other.

In 1978, the Sumatran tiger population was estimated at 1,000 individuals, based on responses to a questionnaire survey. In 1985, a total of 26 protected areas across Sumatra containing approximately 800 tigers were identified. In 1992, it was estimated that 400–500 tigers lived in five national parks and two protected areas. At that time the largest population, comprising 110–180 individuals, was reported from the Gunung Leuser National Park. However, a more recent study shows that the Kerinci Seblat National Park (KSNP) in central Sumatra has the highest population of tigers on the island, estimated to be at 165–190 individuals. There are more tigers in the KSNP than in all of Nepal, and more than in China, Laos, Cambodia and Vietnam combined.

Wake up Call

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

Read it on www.rsm.id



Our activities

Tax Amnesty Discussions

In supporting the government program, we held several events to discuss various issues on Tax Amnesty with some of our tax partners, Nick Graham and Sentot Priyanto.



RSM World Day

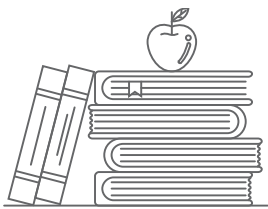
This year is the 5th RSM World Day, a celebration of our shared values as a global network. Offices around the network take part in the day (22 September 2016) to celebrate being part of the network and our shared values of Understanding, Collaboration and Ideas and Insight. Through a wide variety of different activities all around the world, staff in RSM firms across more than 70 countries united in colleague, client and charity events to celebrate RSM's core values of collaborative working, deep individual understanding, idea and insight sharing for client benefit. In Indonesia, we celebrated it by refreshment of RSM core values by our International Contact Partner, Angela Simatupang, followed by a 'give-back to community' act through blood donation in cooperation with Indonesia Red Cross.



Our activities

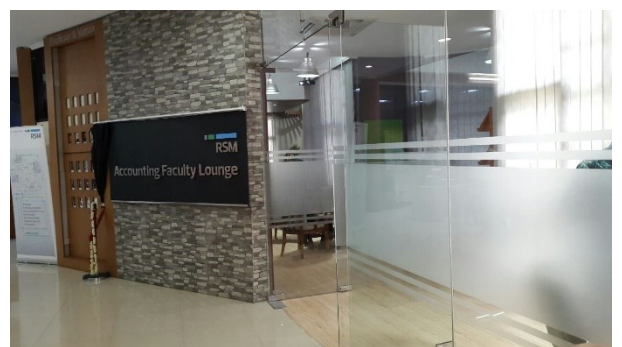
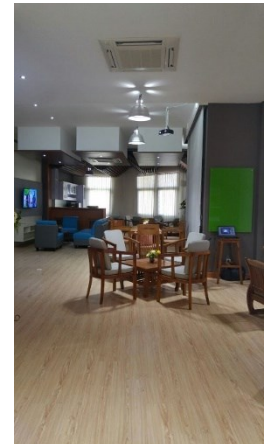
Learning Hub & RSM Accounting Faculty Lounge

RSM sealed an agreement with University of Indonesia to improve accounting educations standards in Indonesia



RSM in Indonesia signed an MOU with the University of Indonesia related to capacity building and education standards both nationally and internationally.

At that day, 27 September 2016, still in the spirit of RSM World Day, RSM in Indonesia also donated the RSM Accounting Faculty Lounge at the Faculty of Economy and Business University of Indonesia.





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Governance Risk Control
Tax
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Thank you for reading.

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Social

 @ID_RSM

 RSM ID

 RSM Indonesia

 RSM Indonesia

RSM Indonesia

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

www.rsm.id

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