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Applied Accounting Concepts and Standards in Indonesian Business Realities

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Abstract: *Indonesia has adopted IFRS as an accounting standard in making a quality report. IFRS standards that have been set are certainly not free of obstacles, this then becomes a challenge in implementing accounting standards in accordance with IFRS standards. So, to prepare an accounting financial report, practical aspects of accounting in Indonesia with applicable standards are needed in relation to the implementation of the principles of accounting standards in everyday life involving companies, accountants, and practitioners. The method used in this research uses a qualitative descriptive approach using a literature study with data sources derived from secondary data in the form of books, scientific journals, articles and research reports. The results obtained from the discussion are the practical aspects of accounting in Indonesia in the application of accounting concepts and standards in real situations involving companies, accountants, and accounting practitioners that must be considered, namely practical aspects in the application of accounting standards, measurement of assets and liabilities, revenue recognition, tax measurement, complete disclosure, internal audits and examinations, professional ethics, and management decision making*.

Keywords: *Accounting Standart, IFRS, Practical Aspect of Accounting*

Abstraksi: Indonesia telah mengadopsi IFRS sebagai standar akuntansi dalam membuat suatu laporan yang berkualitas. Standar IFRS yang telah ditetapkan tentunya tidak lepas dari kendala, hal ini kemudian menjadi tantangan dalam menerapkan standar akuntansi yang *sesuai* dengan standar IFRS. Maka, untuk menyusun suatu laporan keuangan akuntansi diperlukan aspek praktis akuntansi di Indonesia dengan standar yang berlaku dalam kaitannya dengan penerapan prinsip-prinsip standar akuntansi dalam kehidupan sehari-hari yang melibatkan perusahaan, akuntan, dan praktisi. Metode yang digunakan dalam penelitian ini menggunakan pendekatan deskriptif kualitatif dengan menggunakan studi kepustakaan dengan sumber data yang berasal dari data sekunder berupa buku, jurnal ilmiah, artikel dan laporan penelitian. Hasil yang diperoleh dari pembahasan adalah aspek-aspek praktis akuntansi di Indonesia dalam penerapan konsep dan standar akuntansi pada situasi nyata yang melibatkan perusahaan, akuntan, dan praktisi akuntansi yang harus diperhatikan yaitu aspek-aspek praktis dalam penerapan standar akuntansi, pengukuran aktiva dan kewajiban, pengakuan pendapatan, pengukuran pajak, pengungkapan yang lengkap, audit dan pemeriksaan internal, etika profesi, dan pengambilan keputusan manajemen.

Keywords: Standar Akuntansi, IFRS, Praktek Aspek Akuntansi

Introduction

The International Accounting Standards Board (IASB) as the body of the International Accounting Standards Board in 2018 stated that the concept of financial statements *"to be useful, financial information must not only represent relevant phenomena, but it must also faithfully represent the substance of the phenomena that it purports to represent."*. financial statements that are *'relevance'* and '*faithful representation'* are both the most basic characteristics of the type of information used by users of financial statements. Relevant financial information is believed to serve as a decision maker used by users of financial statements because the report has predictive value and representational financial information can represent the 'phenomena that it purports to represent so as to be a complete, neutral, and error-free report (IASB, 2018; McCallig et al., 2019; Victor Pattisina et., all., 2022). To maintain the level of relevance and representation of a financial report, the IASB has made and set many international accounting standards, where currently the international accounting standards are IFRS (International Financial Reporting Standards).

The financial reporting landscape has undergone massive changes in 2005 when companies in the world adopted the *International Financial Reporting Standards* (IFRS) as the basis for preparing financial statements, IFRS was created by the IASB (Yusrina et al., 2021; Yohanes Cores Seralurin, et., all., 2022). Currently, accounting standards around the world strive to adopt International Financial Reporting Standards (IFRS) to reduce regulatory gaps and improve the credibility and quality of financial reports of business entities around the world. By using IFRS, the quality of financial reporting is expected to be better, more relevant, and more reliable (Puspa arum, 2013; Victor Pattisina et., all., 2021). More than 166 countries have adopted IFRS as their national accounting standard or combined their country's accounting standard policies with IFRS (Vishnani et al., 2021) including Indonesia. Indonesia is a member of the 20th group that agreed to use IFRS as a national accounting standard at the G20 conference in Washington, DC, November 15, 2008 (Yusrina et al., 2021).

Various benefits can be obtained through IFRS convergence, in general, these benefits are to facilitate the understanding of financial statements using IFRS and to increase the comparability of local standards, increase global investment flows through transparency, reduce the cost of capital with fundraising opportunities through global capital markets, create financial reporting efficiency, and improve the quality of financial statements, by, among others, reducing opportunities for earnings management (Acaranupong, 2021). However, there are several obstacles faced by IAI when converging IFRS such as the lack of resources at the Indonesian Accounting Standards Board, IFRS changes too quickly so that when the IFRS standard adoption process is carried out, the IASB is already in the process of replacing IFRS, then there are language barriers because each IFRS standard must be translated into Indonesian and is often not easy, then the accounting profession infrastructure that is not ready because to adopt IFRS there are many new accounting methods that accountants must learn again, another obstacle is the readiness of university educators and accountants to switch to IFRS, and support for the government to issue convergence (Acaranupong, 2021).

The obstacles that exist in implementing the concept of accounting standards in Indonesia with IFRS accounting standards require qualified human resources. Qualified and competent human resources in the field of accounting (finance) are the main support for the preparation of quality financial reports, this means that the quality of human resources in the field of accounting (finance) is a factor that affects the quality of financial reports prepared (Adhi & Suhardjo, 2016). Stakeholders can find it difficult to determine whether financial reporting information does represent what is intended due to information asymmetry and agency problems (Jensen and Meckling, 1976;). Financial reporting quality and audit quality are often inseparable in terms of observable financial reporting outcomes (Gaynor et al., 2016),

Basically, companies are formed with the aim of making a profit (Shabbir & Wisdom, 2020). So that corporate bodies always want to make progress on their companies by carrying out such efforts that ensure the security of the company by taking policies without leaving profits (Rondinelli & Vestag, 1996; Berkowitz, 2000; Shabbir & Wisdom, 2020). The growing economy, marked by the establishment of more and more mushrooming companies, will lead to increasingly fierce competition between companies, thus making the financial sector must receive more attention through the media financial statements which will become the basis for company policies and decisions (Iwan Kesuma & Setiawaty, 2016). Financial accounting reports play a major role in tracking all financial transactions (Gardi et al., 2021).

In making a decision, to maximize accuracy and avoid major errors, stakeholders always rely on accounting information recorded in the company's financial statements (Gardi et al., 2021). The data in the report must be accurate, authentic, transparent, and relevant to support management decisions (Abdullah & Abdul Rahman, 2017). The facts obtained from the organization's financial statements must be thoroughly analyzed, evaluated, and used as a framework for making business decisions including their importance in the company's operational system (Needham & Dransfield, 2007; Gardi et al, 2021). It is very important for stakeholders such as companies, accountants, and accountant practitioners to implement accounting concepts and standards for operational systems and as a basis for decision making (Yelvita, 2022).

Therefore, to prepare an accounting financial report, practical aspects of the concept of accounting standards are needed, especially in Indonesia. With applicable standards in relation to the implementation of the principles of accounting standards in everyday life. The practical aspects of accounting include a number of relevant actions and practices in the application of accounting principles to ensure that financial statements are accurate, reliable and comply with applicable accounting standards. These practical aspects play an important role in keeping a company financially sound, avoiding accounting errors, minimizing risks, and complying with applicable regulations. Implementing good accounting practices is a must to maintain the integrity and credibility of the company's financial statements. It is necessary for stakeholders both in terms of government, accountants, and accountant practitioners to know how important aspects of the application of accounting concepts and standards in Indonesia.

Literature Review

Accounting Concepts in Relation to Financial Statements

According to the book from (Rao, 2022) entitled *"financial statement reporting & analysis" the* basis for financial statements is financial accounting. Financial accounting is a process that involves recording, classifying and summarizing events and transactions. According to Skousen (2004: 8) in the journal (Iwan Kesuma & Setiawaty, 2016) accounting is defined as a service activity whose function is to provide quantitative data, especially those of a financial nature, from an economic business that is used in making economic decisions in choosing alternatives from a situation. The accounting process, starting with the event and ending with the final account, namely starting with transactions, recording in journals and subsidiary books, posting to ledger accounts, balancing accounts, preparing trial balances and creating final accounts or better known as financial statements. According to John Hampton in the book **cc**, financial statements are a collection of data organized in accordance with logical and consistent accounting procedures. Its purpose is to convey an understanding of the financial aspects of a business enterprise. It may show the position at a moment in time as in the case of a balance sheet or it may reveal a series of activities over a period of time, as in the case of an income statement. Whereas according to Kohler's Dictionary for Accountants, financial statements are defined as balance sheets, income statements, fund statements or other supporting statements or other presentations of financial data derived from accounting records.

According to the American Institute of Certified Public Accountants (AICPA) in (Rao, 2022) financial statements are prepared for the purpose of presenting periodic data reviews or progress reports by management and dealing with the status of investments in the business and the results achieved during the period under review. Financial statements will reflect a combination of recorded facts, accounting principles and personal judgment, so financial statements have the nature of written facts, reports are prepared periodically usually at the end of each year to show the business activities and financial position of an enterprise, showing the status of investments through a statement of its position, highlighting assets and acquisitions during the reporting year, based on all accounting principles, postulates, concepts, conventions, and rules (Yusrina et al., 2021).

The publication of accounting information through financial reports that are carried out regularly indicates that the company has good prospects in the future which will ultimately attract investors to buy shares in the company, so that the market will react, reflected through changes in stock trading volume. Therefore, the relationship between the publication of information either financial statements, financial conditions or socio-political with fluctuations in stock trading volume can be seen in market efficiency. One type of information issued by the company that can be a signal for parties outside the company, especially for investors is the annual report. Information disclosed in the annual report may include accounting information, namely information relating to financial statements and non-accounting information, namely information relating to financial statements. The annual report must contain relevant information and disclose information that is considered important to be known by users of the report both inside and outside. All investors need information to evaluate the relative risk of each company so that they can diversify their investment portfolios and combinations with desired risk preferences. If a company wants its shares to be bought by investors, the company must make open and transparent disclosure of financial statements (Yusrina et al., 2021).

The financial statements themselves consist of trading accounts, profit and loss accounts and balance sheets. According to George, O. May in his book '*Financial Accounting Distillation*', in general financial statements are very important for stewardship reports, the basis of fiscal policy, to determine the legality of dividends, asa guide to recommend dividend actions, the basis for granting credit, as information for potential investors in a company, a basic guide to the value of investments that have been made, as an aid to government supervision, the basis for setting prices or tariffs and the basis of taxation. Ultimately financial statements are also issued and communicated to many outsiders such as owners, creditors, suppliers of goods, loan suppliers, customers, banks, public financial institutions, employees, labor unions, researchers, the public at large, government agencies and governments.

History of International Accounting Standards

According to (Schroeder et al., 2014) in the book *"financial statement report & analysis"* since the global industrial revolution during the 1990s, US companies generate significant amounts of revenue and profits in foreign markets. Multinational companies are faced with decisions about resource allocation for the most efficient use of funds for the company. Such allocation cannot be achieved without accurate and reliable financial information. Companies seeking capital or investment opportunities across national boundaries face cost and time issues. Capital-seeking companies must reconcile their financial statements with the accounting rules of the country in which they seek capital, and investors must identify foreign reporting differences. Increasingly, the global economy requires the process to be further streamlined. Because of this There was a push to harmonize International Accounting Standards, and in 1973 an independent private body/institution was established for this purpose, the IASB (*International Accounting Standards Board*).

The IASB was established in 1973 which was originally named the IAS Committee (IASC) formed in London, England which later became the forerunner of changes in rules relating to accounting (Yusrina et al., 2013). The objective of the IASC and IASB is to develop a set of high-quality financial reporting standards that are internationally acceptable. To achieve this goal, the IASC and IASB have issued principles-based standards, and taken steps to remove allowable accounting alternatives and require accounting measurements that better reflect a company's economic position and performance (IASC, 1989; Barth et al., 2008).

In more detail according to (Schroeder et al., 2014) the purpose of the establishment of the IASB is to formulate and publish in the public interest accounting standards to be observed in the presentation of financial statements and to promote their acceptance and observance throughout the world, working generally for the improvement and harmonization of regulations, accounting standards, and procedures relating to the presentation of financial statements. Such objectives have subsequently resulted in efforts to coordinate and harmonize the activities of the many countries and institutions involved in setting accounting standards. IASB standards also provide a useful starting point for countries in Europe and developing countries that wish to set accounting standards.

The IASB has also developed a conceptual framework entitled *Framework for the Preparation* and *Presentation of Financial Statements*. The conclusions articulated in this release are similar to those contained in the FASB Conceptual Framework Project. That is, the purpose of financial statements is to provide useful information to various users for decision-making purposes. The information provided should contain the qualitative characteristics of relevance, reliability, comparability, and understandability. The IASB has issued forty-one *Accounting Standards* (IAS) statements and thirteen *Financial Reporting Standards* (IFRS) statements.

IFRS (International Accounting Standards Board)

IASB (*International Accounting Standards Board*). principled to develop a set of high-quality financial reporting standards that are internationally acceptable (Barth et al., 2008). In 2001 the *International Accounting Standards Board* (IASB) has created a set of high-quality international standards that better reflect the position and economic performance of companies to increase the transparency and comparability of financial statements (Ahmed et al., 2013), namely the *International Financial Reporting Standard (*IFRS). IFRS accounting standards are a development of *International Accounting Standards* (IAS) developed by the international accounting standards body IASB (Natawidnyana, 2008; Yusrina et al., 2021). The main objective of IFRS is to develop a set of global accounting standards for financial statements that are of higher quality, understandable, transparent, and comparable to assist users in the capital markets and other users in making economic decisions (Iatridis, 2010a). With the existence of IFRS accounting standards makes accounting measurements better reflect the state of the company's economic position and performance (Yusrina et al., 2021).

The main advantage of adopting IFRS is to increase the comparability of financial statements that allow multinational companies to transcend national boundaries (Saudagaran, 2001; Puspa arum, 2013). For foreign investors, if financial statements are not familiar to potential investors, investors are unlikely to understand and cannot make decisions, then the adoption of IFRS as an international standard will provide a better understanding of the company's financial statements so that they can make better decisions based on this information (Puspa arum, 2013). The existence of IFRS will help investors in deciding on investments in the global financial market, called IFRS. IFRS is a dynamic financial reporting system for companies that trade their shares on the global stock market (Yusrina et al., 2021).

For multinational companies, the benefits of IFRS adoption can be seen from two aspects: in terms of costs and in terms of capital costs. In terms of cost efficiency, multinational companies do not need to make multiple reports to meet the needs of investors at home and abroad. With IFRS that has been recognized by many stock exchanges in the world, companies only need to make one version. In terms of cost of capital, companies will benefit from a lower cost of capital as investor confidence becomes higher. High trust cannot be separated from financial statements that are easier to understand and lower information asymmetry. Another advantage obtained by countries that do not have sufficient resources to develop quality standards is that it will be cheaper to adopt existing international standards than to create their own standards (Puspa arum, 2013). Although IFRS was created with the aim of producing high-quality financial reports, IFRS still faces various challenges along the way because IFRS depends on the economic situation where its relationship is related to the regulatory framework of the relevant institutions (Yusrna et al., 2021).

When an institution uses IFRS accounting standards, it will indirectly reduce the company's opportunity to engage in earnings management and significantly improve the quality of information disclosed (Dimitropoulos et al., 2013). Based on research conducted by (Chua et al., 2012) shows that companies that have used IFRS standards will improve accounting quality, reduce income smoothing, more timely loss recognition and reduce evidence of earnings management.

Conversely, this can also have the opposite effect of limiting managerial discretion which can eliminate the company's ability to report accounting measures that better reflect the company's

However, behind these challenges, the initiative to converge local accounting standards with IFRS has been well received by standard setters, the accounting profession, business and accounting communities in the world (Yusrna et al., 2021). IFRS has long passed the preparation stage convincingly, so it is not surprising that

Behind the advantages and challenges that exist, IFRS standards are currently still an international accounting standard recognized by many countries, this is evidenced by countries that use IFRS international accounting standards, it can be seen that the quality of existing financial statements is increasing, as is the case with the quality of accounting and the quality of financial statement information empirically in several countries, such as in European Union countries (Chen et al., 2010), the United Kingdom (Iatridis, 2010b), China (Chunhui Liu et al., 2011) and Australia (Chua et al., 2012), 2010), the UK (Iatridis, 2010b), China (Chunhui Liu et al., 2011) and Australia (Chua et al., 2012), then IFRS accounting standards have been carried out by many countries including Indonesia under PSAK (Puspa arum, 2013).

History of the Development of Accounting Standards in Indonesia

The history of accounting in Indonesia was initiated by early Muslim civilizations in the Indonesian archipelago (Sukoharsono & Gaffikin, 1993). The presence of Islam in Indonesia was first recorded by Marco Polo, an Italian trader and traveler, who visited Sumatra on his way back from China in 1292 (Sukarsono, 1998; Mukhlisin, 2016). However, it was not until the 14th century that Islam spread more widely in Indonesia, especially by traders from Gujarat, India (Dalton, 1995:11; Mukhlisin, 2016). The Islamic society formed at that time, had organized the administration and accountability of taxes paid to Islamic kingdoms from various trading activities and it initiated a simple form of accounting (Leur, 1955; Shricke, 1957; Sukarsono, 1998; Mukhlisin, 2016).

Later accounting standards in Indonesia further developed when the Dutch colonized Indonesia and had control in Java (Java Island) in 1825, continued to South Bali (Bali Island) and Bone (Sulawesi Island) and expanded to Aceh (Sumatra Island). During the Dutch colonial period in Indonesia, there is evidence that points to the existence of trading activities such as the circulation of coinage (1820-1890), the establishment of modern financial institutions, the development of rice prices (1829-1890), land and labor (1835-1880), crop payments and land rent (1835-1880), cotton imports (1830-1890), and crop exports (1840-1890). Then it was extended to the preparation of the colonial state budget (1900-1939) and Indonesia's foreign exports (1900-1940) which became the forerunner of the development of accounting in Indonesia at that time. However, there are several opinions regarding the forerunner of the development of accounting in Indonesia, one of which is that the Dutch East India Company (1609) was the first idea from the beginning of Dutch rule in Indonesia. The establishment of the company then became the beginning of the modern bookkeeping system that was first introduced in Indonesia. According to (Sukoharsono & Gaffikin, 1993) the development of accounting practices and professions in Indonesia began with colonialism in Indonesia. At that time, the Dutch accounting practice was NIVA *(Nederlands Institute Van Accountants)* or VAGA *(Vereniging Academisch Gevormde Accountants)* which was then still active even after Indonesian independence (Mukhlisin, 2016). Then after Japan came and managed to defeat the Dutch position in Indonesia in 1942, Japan became a new imperial power in Indonesia. The existence of Japan in Indonesia as

The new rulers in Indonesia caused Japan to be heavily involved in trade and accounting activities in Indonesia. The Japanese prepared bookkeeping in both the Dutch and Japanese systems. However, because Japanese writing was used, only Japanese officers knew how to prepare the accounting documentation system (Sadha Suardikha, 2012).

In 1945 after Indonesian independence, the foundation of accounting practice was laid by famous accountants from Indonesia, namely Basuki Siddharta, Hendra Darmawan, Tan Tong Djoe, and Go TIe Siem who studied accounting in the Netherlands and graduated in 1956 (IAI, 2023a). These four accountants together with Prof. Soemardjo then made serious efforts to form a special accountants association for Indonesia and refused to become members of the Dutch colonial NIVA (*Nederlands Institute Van Accountants)* or VAGA *(Vereniging Academisch Gevormde Accountants) (IAI,* 2023a). On October 17, 1957, it was decided to form a committee called "Panitia Pembentukan Ikatan Akuntan Indonesia". This association was then established on December 23, 1957 and is now called the Indonesian *Accountants* Association (IAI, or in English, *the Indonesian Institute of Accountants (IAI*, 2023a). After its formation, IAI has evolved along with the growth of business in Indonesia. The association focuses not only on the education and practice of accountants, but also on efforts to increase public confidence in its role in the formulation of public policy.

In 1973, IAI formed a committee to gather materials and structure from GAAP and GAAS. In 1974, the committee then formed a more permanent committee called the Indonesian Accounting Principles Committee (known as the PAI Committee). PAI performed its function for 20 years to formulate and develop financial accounting standards in Indonesia. After the IAI Congress on September 16, 1994, it was agreed that Indonesian accounting standards would be aligned with *International Accounting Standards* (IAS) (Cahyati, 2011). Since then, problems arose due to duplication of names, PAI was then changed to the Financial Accounting Standards Committee (known as the SAK Committee). At the IAI Congress held on September 23-24, 1998, the SAK Committee was again changed to the Financial Accounting Standards Board (known as DSAK) and still exists today (IAI, 2023a).

The 2008 IAI Rules and Regulations appoint DSAK under IAI to formulate, develop, and certify financial accounting standards in Indonesia (Mukhlisin, 2016). These standards include basic frameworks, statements, application guides, interpretations, implementation guides and technical bulletins. DSAK membership consists of representatives from each association/compartment under IAI, government bodies, business associations, nongovernmental associations, and non-competent professional members. In accordance with sharia standards, the board is referred to as the Sharia Financial Accounting Standards Board (known as the Sharia Accounting Standards Board or DSAS) (Mukhlisin, 2016). On December 23, 2008, IAI announced that the convergence of local standards to international accounting standards (IFRS) should be completed in 2012.

Although the IFRS convergence decision was only decided in 2008, the pressure for IFRS convergence continues to increase from time to time, because Indonesia is the only Southeast Asian country that is a member of the G20 Forum.

Accounting Standards in Indonesia

According to IAI (Indonesian Accountants Association) as an official institution that is authorized and has responsibility for Financial Accounting Standards (SAK) In Indonesia, Financial Accounting Standards are Statements of Financial Accounting Standards (PSAKs) and Interpretations of Financial Accounting Standards (ISAKs) issued by the Standards Board of the Indonesian Institute of Accountants (DSAK IAI) and the Sharia Standards Board of the Indonesian Institute of Accountants (DSAS IAI) as well as capital market regulatory regulations for entities that are under the supervision of the Indonesian government.

Supervision (IAI, 2023a). Currently, the applicable Financial Accounting Standards are those based on the International Financial Reporting Standards (IFRS). Indonesia's journey of using IFRS international accounting standards into national accounting standards requires a long process. According to (Puspa arum, 2013) in her journalsaid that in fact, Indonesia had decided to harmonize with International Accounting Standards (IAS) in 1994. From 1994 to January 2007, the Financial Accounting Standards Board (DSAK) has issued fifty-seven standards, of which twenty-eight refer to IAS/IFRS, twenty refer to American Generally Accepted Accounting Principle (GAAP), one refers to the Bahrain accounting standards of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), and eight were created by themselves (Deloitte, 2007). PSAK seeks to adopt full IFRS in several phases. In 2009, Indonesia did not yet require companies listed on the Indonesia Stock Exchange to use IFRS fully, but still refer to national accounting standards or PSAK. But in 2010 for eligible companies, IFRS adoption was strongly encouraged. In 2012, the IAI National Committee Board together with the SAK Consultative Council and DSAK revised the PSAK so that it materially complies with IFRS version January 1, 2009. IFRS is expected to improve the comparability and credibility of financial reporting in various countries. IFRS is also expected to improve the quality of financial statement information so that it can be relied upon and is relevant for used as the basis for economic decisions.

Practical Aspects of Accounting Standards

Practical aspects refer to matters related to the application or real implementation of a concept, theory, or principle in everyday situations or life (Tahir et al., 2023). In general, the practical aspect refers to how a concept or principle can be used or applied by the students effective in real life, and how it impacts decision-making, problem-solving or everyday actions. In various contexts, the practical aspect refers to the ability to use it in real-world situations or understand how a concept functions in practice.

In the context of accounting, the practical aspects of accounting refer to the application of accounting principles and methods in the day-to-day financial management of organizations or individuals. This includes the application of accounting principles in recording transactions, financial reporting, taxation, and financial decision making (Iwan Kesuma & Setiawaty, 2016). Meanwhile, in the concept of accounting standards, these practical aspects refer to the implementation of the application of accounting standards in the application of the principles of making quality financial reports in accordance with IFRS accounting standards that have been adjusted according to the IAI (Indonesian Accounting Association) (Yusrina et al., 2021).

Research Methods

The research method chosen in this study is a descriptive qualitative approach using literature study as a type of research. This method aims to obtain relevant and in-depth information about the research subject through critical analysis of available library materials. In the literature study, researchers will search and select sources of information relevant to the research topic, then conduct critical reading and analysis of the library materials (Nasir, 1985; Khaerudin, 2023). Data sources come from secondary data in the form of books, scientific journals, articles and research reports related to accounting concepts, accounting standards, financial statements, and matters relating to practical aspects of accounting standards both nationally and internationally. In the preparation of the article, a qualitative research method was used by applying descriptive analysis. This method is used to collect, identify, assess, process, and analyze descriptive data on the topic under study, so as to provide research alternatives (Khaerudin, 2023).

Results And Discussion

The practical aspects of accounting in Indonesia in the application of accounting concepts and standards in real situations involving companies, accountants, and accounting practitioners include a number of things that have an impact on daily operations and business decision making. The discussion will cover several practical aspects namely: 1) application of accounting standards; 2) measurement of assets and liabilities; 3) revenue recognition; 4) tax measurement; 5) complete disclosure; 6) internal audit and examination; 7) professional ethics; 8) management decision-making; 9) education and professional development which are described as follows:

Application of Accounting Standards

Companies in Indonesia must apply Financial Accounting Standards (FAS) in preparing their financial statements. Accounting standards currently applicable in Indonesia are Financial Accounting Standards (FAS) based on International Financial Reporting Standards (IFRS). These accounting standards have been effective since January 1, 2015 which will largely converge with the International Financial Reporting Standards (IFRS) that have been effective since January 1, 2014. In addition to IFRS-based SAK, DSAK IAI has also issued PSAK and ISAK which are non-IFRS products, such as PSAK 28 and PSAK 38, ISAK 31, ISAK 32, ISAK 35 and ISAK 36 (IAI, 2023b).

The convergence that has been done causes fewer differences between SAK and IFRS. With this lack of difference, it is expected that stakeholders in Indonesia can benefit from these accounting standards, where companies that have public accountability can use SAK as a guide in improving the quality of information in making financial statements. The current SAKs have been created to create a capital market infrastructure, especially when entering into capital market transactions which are very broad in scope (IAI, 2023b).

The preparation of SAK must follow the *due process procedure* set out in the Organizational Regulations of the Indonesian Institute of Accountants. The process includes: identification of issues; consultation of issues with the SAK Consultative Council (DKSAK) (if needed); conducting limited research; discussion of SAK materials; ratification and publication of *exposure drafts*; conducting *public hearings;* conducting *limited hearings* (if needed); discussing *public* input; and ratification of SAK. The preparation of *annual improvements is* not required to follow the *due process public hearing*. Meanwhile, the preparation of other non-SAK products (such as press releases or educational materials) is not required to follow all stages of the *due process procedure* (IAI, 2023b).

The application of accounting standards that must be carried out includes principles such as revenue recognition, asset valuation, liability recognition, and disclosure in accordance with the financial accounting standards previously described so that accountants and accounting practitioners must understand SAK and apply it consistently. Where the purpose of this application is to create high quality financial statements which in turn will have a positive impact on all elements of both the company, accountants, accounting practitioners, and other parties.

Measurement of Assets and Liabilities
Proper measurement of assets and liabilities is an important aspect ofaccounting. The end result of the accounting process is the Financial Statements. Financial statements are very important for stewardship reports, the basis of fiscal policy, to determine the legality of dividends, asa guide to recommend dividend actions, the basis for granting credit, as information for potential investors in a company, a basic guide to the value of investments that have been made, as an aid to government supervision, the basis for setting prices or tariffs and the basis for taxation and the most important thing is that financial reports are used as a basis for decision making for stakeholders both in the company, government, practitioners, and other parties related to the company field. Therefore, accountants as human resources who have the ability in accounting must understand valuation concepts such as historical cost, fair value, carrying value, and impairment testing. Because these concepts affect how assets and liabilities are reflected in the financial statements which ultimately have an impact on the quality of the financial statements.

Revenue Recognition
The principle of revenue recognition is a major concern in real situations. Accountants must understand when and how revenue should be recognized, especially in businesses with complex revenue models, such as long-term contracts.

Tax Measurement
Taxation is an important aspect of accounting practice in Indonesia. For stakeholders, one of which is the government, financial statements are used as a basis for making policies to regulate taxation. Therefore, accountants must understand the applicable tax regulations and calculate taxes correctly, including income tax, VAT, and other taxes.

Full Disclosure
Financial statements must include complete and informative disclosures. The quality of financial statements can be seen from the level of relevance and reliability of the statements. Accounting practitioners must ensure that all relevant information is disclosed, including risks, accounting estimates, and necessary footnotes. The financial statements will reflect the true state of the company, so accounting practitioners must pay careful attention to the details of the financial statements to minimize errors and so that the published financial statements are relevant and reliable.

Internal Audit and Inspection
Because financial statements are very important for the company in describing the state of a company, the practical aspects that must be done then are external audits and internal checks by accounting practitioners who work with auditors to fulfill audit requirements and correct findings that may appear during the examination. This is a very important practice in checking and ensuring

the accuracy of financial statements to avoid errors in preparing financial statements so that the financial statements are relevant and reliable.

Professional Ethics
Ethics deals with the type of behavior that society considers right and wrong. Accounting ethics incorporate social standards of behavior as well as standards of behavior that relate specifically to the profession. Accounting practitioners should adhere to the profession's code of ethics, which includes integrity, objectivity, and transparency in their work. They should avoid conflicts of interest and be fair in their accounting practices.

Management Decision Making
Accounting provides financial data used by management for decision making. The final result of accounting in the form of financial statements is the basis for decision making by management (McCallig et al., 2019). According to (Rao, 2022) in his book data and information The financial information provided in the financial statements is very useful for various parties, namely, owners, creditors, investors, employees, government, researchers, consumers and managers. For owners, financial statements can be used to find out whether the funds used for business are used correctly or not. For creditors as suppliers of goods and services on credit, financial reports help them to know the financial position of concern before providing goods or loans on credit. Then for investors, financial statements help them to know the profitability and financial position of a company. then financial statements will be useful for employees to know the various profit sharing schemes and bonus plans then if they know the position of the company and have an interest in buying shares of the company where they work can be seen from the financial statements.

For the government, financial statements reflect the income for a particular period, for tax purposes so financial statements help the government to assess in detail about the strengths and weaknesses of the company. In addition, financial statements are used to compile statistics regarding businesses which in turn helps in compiling national statistics and accounts. For researchers, financial statements can help analyze all financial accounting and data, so that researchers can conduct studies with the data. For consumers, financial statements can be used for the establishment of goods accounting and financial control so that the cost of production can be reduced by reducing the price of the goods they buy for their own consumption.

As for managers who are concerned with large-scale production and business activities, accounting disclosure is very helpful for them in knowing about what has happened and what to do to improve the profitability and financial position of the company in the coming period. Seeing the urgency of financial reports that are so important, accounting practitioners must really ensure that the data in the financial statements are accurate and relevant, and can provide useful insights for management

Education and Professional Development
The development of science and technology has caused tremendous development in all fields including accounting which has led to developments in accounting science and practice. So, to keep up with these developments must also be balanced with constant professional development, this is very important in accounting given the increasing complexity of science, developing

knowledge and practice is an obligation that must be done. Accounting practitioners must keep abreast of the latest developments in accounting standards, tax regulations, and technology to maintain the quality of work and form a broader mind.

Conclusions

In preparing an accounting financial report, practical aspects of the concept of accounting standards are needed, especially in Indonesia. Practical aspects in accounting include a number of relevant actions and practices in the application of accounting principles to ensure that financial statements are accurate, reliable and comply with applicable accounting standards. These practical aspects plays an important role in keeping the company's finances healthy, avoiding accounting errors, minimizing risks, and complying with applicable regulations. Implementing good accounting practices is a must to maintain the integrity and credibility of the company's financial statements. in addition, financial statements are used as the basis for policies to be taken by interested parties.

The practical aspects that must be done are the application of accounting standards in Indonesia, where the accounting standards currently applicable in Indonesia are IFRS-based SAK. This IFRS accounting standard is adopted by the Indonesian Accounting Association (IAI) which is sourced from the International accounting body, the International Accounting Standards Board (IASB). The next practical aspect is the need for proper measurement of assets and liabilities by accountant practitioners where both of these are important aspects of accounting. Then, Accountants must understand when and how revenue should be recognized, especially in businesses with complex revenue models, besides that accountants must also pay attention to tax measurements, complete disclosure of financial statements, because financial statements are used as a basis for decisions by various parties, then an important practical aspect is the existence of external audits and internal checks by accounting practitioners who work with auditors to meet audit requirements and correct findings that may appear during the audit, besides that practitioners must prioritize the accounting code of ethics to avoid conflicts of interest and be fair in accounting practices .

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