Accounting measures of historical assets “Situs Watu Gong” Malang

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ABSTRACT

Numerous government bodies continue to experience difficulties in accounting for historical assets. The purpose of this research is to ascertain the identification, quantification, presentation, and disclosure of historical assets, particularly the Situs Watu Gong in Malang, East Java. The purpose of this study is to contribute to the concept of identifying, measuring, presenting, and also exposing historical assets through the use of a qualitative technique and a case study at the Situs Watu Gong. The data collection approaches used were observation, interviewing, and documentation. As a result of this investigation, it was determined that the manager of the Situs Watu Gong did not properly account for previous assets. The manager of the Situs Watu Gong should have valued historical assets at cost and measured them using the cost technique. Historic assets are classed as fixed assets and are not included in PPE (Plant, Property, and Equipment) on the balance sheet.

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Introduction

Government accounting is the activity of providing services to offer financial information to the government based on the process of recording, classifying, summarizing, and interpreting financial transactions (Bahtiar, 2002). Government accounting is a subset of the field of accounting development that has been in Indonesia for a long period of time. Government accounting has developed in all countries, although at a slower pace than company accounting, but recent public demands for accountability and openness in government finances have compelled government accounting to adapt to existing trends. With this increased need, government accounting standards and treatment of government accounting must continue to be developed to provide proper financial responsibility.

Accounting in the public sector in Indonesia was adopted for the first time using a cash-based accounting system with single entry. This cash-based accounting system's application will record transactions only after they occur, and there will be only one recording. In the expanding world of government accounting, where cash-based accounting systems with single entry method are deemed unsuitable for meeting the government's financial needs, the government issued a new standard, Government Accounting Standards (SAP), which regulates all financial aspects required by the government. On June 13, 2005, the Government Accounting Standards Committee (KSAP) issued the first Government Accounting Standards (SAP) as PP No. 24 of 2005 (Halim & Kusufi, 2014). This is the Government Accounting Standard (SAP), which Indonesia acquired for the first time after independence, and which regulates the accounting basis used, particularly regarding cash to accrual, as well as the requirement for the government to present four financial statements, such as the LRA (Budget Realization Report), the Balance Sheet, the Cash Flow Statement, and the Notes to Financial Statements.

Public pressure for increased accountability and transparency in government finances has compelled the administration to re-evaluate Government Regulation No. 24 of 2005. Additionally, because the majority of countries have adopted accrual accounting, Government Regulation No. 24 of 2005 is no longer valid to be carried out in Indonesia. The pinnacle of government accounting

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policy improvement occurred with the implementation of PP No. 71 of 2010, an accrual-based SAP that was prescribed on October 22, 2010.

The adoption of accrual-based accounting by the government resulted in various changes, including an increase in the number of required financial statements from four to five, a switch from cash to accrual accounting, and the recognition of government assets. Government assets are critical to the management and reporting of the government. Numerous municipal governments acquire an opinion disclaimer solely as a result of their inadequate recognition and treatment of their assets. Historic assets are one type of government asset that receives particular attention. Initially, recognition of historic assets was not considered significant; however, as a result of the transition to accrual accounting, all types of assets owned by the government must be recognized, valued, and presented in financial statements, including historic assets, in order to maintain transparency and public accountability.

Historical assets are vital to the local community's culture and the nation's history, which also acts as the country's identity. A historic asset is described as one that possesses historical, artistic, scientific, technological, or environmental characteristics that is preserved and maintained for the purpose of advancing science and culture and benefiting the holding entity (Masita, 2015).

The most frequent issues encountered in the administration of historical assets are that the initial asset inventory is still inadequate; the asset inventory is composed of two components, specifically physical and juridical components. The physical aspect contains the shape, area, position, volume/amount, type, and address, while the juridical aspect covers the control status, legally owned issues, and the timeframe for ownership. Inventory issues include assets that exist physically but are not registered in the asset register, or assets that are owned by the government but have insufficient legal documentation. Frequently, the legal paperwork pertaining to these assets are difficult to locate, if not impossible to locate.

The second issue is that utilizing historical assets that are already owned does not deliver optimal results. The government frequently distributes management rights to state assets to private entrepreneurs without providing adequate and transparent pay in order to increase state revenues, which results in undervaluation of state earnings.

The final issue is the accounting for historical assets. This accounting issue relates to the identification, value, and disclosure of historical assets. Regarding the recognition of historic assets, several experts continue to debate whether they should be classified as an asset or a liability. Valuation of historic assets will be challenging, as will developing a widely approved technique of valuing historic assets. Due to the difficulties of purchasing historic assets on the open market and the social purpose associated with them, accountants sometimes struggle to obtain appropriate valuations or explain the future service value inherent in these assets. With the difficulty of identifying and valuing historical assets, there will always be difficulties with their disclosure.

Recognizing historical assets (heritage assets) on the balance sheet is a point of contention. Acquisition of historical assets occurs through a variety of means, including construction, sales, donations, inheritance, pillage, and confiscation. Not all public assets can be recognized and valued in a balance sheet report. Indeed, when an institution prepares financial statements, assets are always included on the balance sheet, but not historical assets, which are included in state assets as well (Agustini & Putra, 2011).

In Indonesia, historical assets are controlled by Government Accounting Standards (SAP), which are based on Government Regulation No. 71 of 2010 No. 7 on fixed assets. According to the SAP, while the government as an entity with historical assets is not required to reflect them on the balance sheet, they must be declared in the Annotations to Financial Statements (CaLK). Meanwhile, experts and accounting policymakers in other countries suggest that past assets should be fully disclosed in the Financial Statements, particularly the Balance Sheet. Accounting Principles Foreign governments that require this include International Public Sector Accounting Standard (IPSAS) 17 by the International Public Sector Accounting Standard Board, Financial Reporting Standard no. 30 by the UK Accounting Standard Board, and Generally Recognized Accounting Practice (GRAP) no. 103 by Department of the National Treasury of the Republic of South Africa. Based on these numerous international standards, it is clear that the financial information on historical assets reported in the financial statements of the Government of Indonesia is not as complete as that presented in other countries.

Numerous previous studies on historical assets, both in Indonesia and in other countries, came to a variety of results. (Chariir & Anggraini, 2014) concludes from her research undertaken in Indonesia, among other places, that there is no specific definition of historic assets. This is demonstrated by the fact that the majority of interviewees consistently identify the term “historic assets” with the term “cultural conservation,” creating misunderstanding between the two. Additionally, the management of Borobudur Temple continues to struggle with appraising historical assets. However, accounting processes in the management of Borobudur Temple are deemed to be compliant with government-mandated accounting standards, which are presented and published in CaLK without regard for their currency.

According to (Agustini & Putra, 2011), because historical assets are classified as operational and non-operational, the government should treat non-operational heritage assets equally with operational heritage assets, which are recognized as fixed assets in the financial accounts. However, the sorts of non-operational heritage assets that can be recognized on the balance sheet are those purchased in the current period.
Foreign study on historical assets is more extensive than that undertaken in Indonesia, with (Aversano, N., & Ferrone, 2012) concluding that historical assets are objects that are significant for culture, history, and the nation's identity. It is critical to include it in government financial statements, as well as the role of IPSAS 17 in resolving existing issues with historical asset accounting.

The entire research endeavors to determine the most appropriate accounting approach for historic assets, because they contain not only artistic, cultural, historical, and scientific worth, but also economic value. All potential and existing government assets must be disclosed and displayed in the Financial Statements. The necessity of accounting for previous assets is not coincidental. One of the aims is to ensure that information is available for decision-making by asset managers and the general public. The greater the value placed on art and history, the greater the demand for preservation and conservation, which implies accounting science will have a role in this as well.

The Situs Watu Gong is located in Tlogomas Village, Lowokwaru Malang, specifically on Jln. Kanjurahan Gang IV No 30 RT 4 RW 3. The Watu Gong location is located in a residential alley and is surrounded by a fairly stunning pavilion area.

Situs Watu Gong is sometimes referred to as Watu Kenong and Watu Bonang. Watu gong, when used in conjunction with musical instruments or waditra, is a gamelan with a protrusion on the top surface. The protrusion is then utilized as a hook for the stilts building pole, which is almost certainly made of petung bamboo with a large diameter. The Situs Watu Gong location is said to be one of the Kanjuruhan kingdom's relics that is inextricably linked to supernatural stories and mythology.

Similar to other government assets, historical assets must be considered equal to other government assets. This treatment is documented on the balance sheet in the government's financial statements. However, while PSAP No. 7 was implemented in Indonesia pursuant to Government Regulation No. 71 of 2010, its implementation is also normative, implying that what is stated in the standard is not always consistent with what is occurring in the field. The stone site is listed on the government's list of historic properties. According to the site's manager, the site has been under the supervision of the Cultural Heritage Preservation Center (BPCB) in Trowulan, East Java for 35 years, although regular preservation is handled by Kanjuruhan local residents and volunteers. Until finally, in 2010, this site received aid from the Malang City Tourism Office, which was used to rebuild the pavement where historical relics associated with Watu Gong are housed and displayed. The contention is that while the Situs Watu Gong is administered by the Malang City government, historical objects are overseen by Trowulan. Up to this point, the legislature of financial management has remained dismal. This circumstance motivates scholars to do research at the Situs Watu Gong.

**Literature Review**

Accounting can be defined as an art, science, or technology, or it can be defined from a different perspective. Accounting can be characterized as a process. Accounting, as defined by the American Accounting Association in (Halim & Kusufi, 2014), is the process of identifying, measuring, recording, and reporting economic transactions of an organization or entity for use as decision-making information.

"Accounting consists of three basic activities it identifies, records, and communicates the economic events of an organization to interested users", (Kieso, Donald E., Jerry J. Weygandt, 2011). Accounting is the process of documenting, classifying, summarizing, processing, and presenting numerical data concerning events relating to an organization's finances. According to (Kieso, Donald E., Jerry J. Weygandt, 2011), "Accounting is the financial information system that provides these insights". Accounting is a system that offers financial information to assist in making organizational decisions; also, accounting serves as a means of evaluating an organization's performance.

Accounting is also a communication instrument that interested parties can use to formulate policy. Internal and external parties have an interest in the utilization of information; internal parties include organizational management; external parties include shareholders, creditors, and the government. “The information that user of financial information needs depends upon the kinds of decisions the user makes. There are two broad groups of users of financial information: internal users and external users”, (Kieso, Donald E., Jerry J. Weygandt, 2011).

According to PSAK 19 (Ikatan Akuntan Indonesia, 2015), assets are resources that an organization controls as a result of past events and from which future economic advantages are projected to come. Meanwhile, according to PSAP No. 7 (Standar Akuntansi Pemerintahan, 2010), assets are economic resources that the government controls and/or owns as a result of past events and from which future economic and/or social advantages are projected to be obtained by the government as well as the community. An asset is material that can be quantified in monetary terms, including non-financial resources required to offer services to the general public and historical and cultural resources.

Assets are economic expenditures made by businesses or entities with the intention of generating future returns; based on numerous definitions of these assets, it is possible to deduce that several features of assets include the following:

i. Assets are resources that an entity controls, whether they are owned or leased;

ii. The asset is controlled by the entity;

iii. The asset provides future economic advantages; and
iv. The asset is the outcome of previous transactions or occurrences.

There are numerous definitions for historic assets, owing to the varied criteria used to classify them. Several definitions of historic assets include the following:

i. Financial Reporting Standard (FRS) 30 United Kingdom defines historic assets as fixed assets that have historical, artistic, knowledge, technology, and environmental values that are preserved as a contribution to culture and science. “A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture”

ii. General Recognition Accounting Practice (GRAP) 103 Republic of South Africa defines that historical assets are assets that have cultural, environmental, historical, natural, scientific, technological, and artistic values that are preserved indefinitely for use in the present and the future. “Heritage assets are assets that have cultural, environmental, historical, natural, scientific, technological, or artistic significance, and are held indefinitely for the benefit of present and future generations”.

iii. Government Accounting Standard No. 7 based on PP No. 71 of 2010 explains that some fixed assets are described as historic assets due to cultural, environmental, and historical interests. Examples of historical assets are historical buildings, monuments, archaeological sites such as temples, and works of art. Historic assets are usually expected to be preserved indefinitely. Historical assets are usually proven by legislation.

The use of historical assets will affect the measurement and valuation of historical assets themselves. Even though an item in historical assets meets the criteria for recognizing property, plant and equipment, it does not mean that all historical assets should be recognized in the financial statements (Agustini & Putra, 2011). There are several aspects to consider in the recognition of historic assets. To facilitate the recognition of historic assets, there are two categories:

i. Operational Heritage Assets or Historic Assets for Operational Activities. This historic asset is a type of asset that has a dual function, specifically apart from being evidence of historical heritage. This asset also has a function as a place for daily government operations; for example, it is used as an office. These types of historic assets need to be capitalized and recorded on the balance sheet as fixed assets stipulated in PSAP No. 07 paragraph 70.

ii. Non-Operational Heritage Assets or Historic Assets not for Operational Activities. This category is used mainly for the aesthetic and historical value of the objects. Unlike historic assets that are still being used for operational purposes, these assets do not have a multipurpose value. In the United States, this category of asset is referred to as heritage assets, whereas those employed for operational purposes are referred to as multi-use heritage assets. Non-operational heritage items are classified into three categories:
   a. Land and Historic Buildings (Cultural Heritage Assets)
   b. Artwork (Collection Type Heritage Assets)
   c. Archaeological Sites or Landscape (Natural Heritage Assets)

According to SAK's basic framework for financial statement preparation and presentation, items should be recognized if they are highly likely to circulate economic advantages from or to the business and have a predictable value or cost. Assets are valued at the prospective economic benefits acquired by the government in the future and have a quantifiable value or cost (SAP, paragraph 90).

Each country's definition will have an effect on the process of recognizing historical assets. Recognizing historical assets in financial accounts is a practice that varies by country. The practice of recognizing historic assets in numerous countries is as follows.

i. In Indonesia, the practice of recognizing historic assets is governed by PSAP No. 7, which is based on Government Regulation No. 71 of 2010. The following requirements must be met before historic assets can be classified as fixed assets:
   a. Hold a useful life of 12 months
   b. The cost can be measured reliably
   c. Not intended for sale in the normal operations of the entity
   d. It is obtained or built with the purpose to be used

ii. According to Financial Reporting Standard (FRS) 30, the recognition of historic assets in the United Kingdom is inextricably linked to their maintenance. Historic properties are classified into two types: non-functioning heritage properties and operational heritage properties. Both are treated as assets in the financial accounts in the same way that other assets are. FRS 30 paragraph 3 states that “all heritage assets should be accounted for in accordance with the requirements
of this standard”. All categories of historic assets must be documented in compliance with the standard’s requirements. If the qualities of non-operating heritage assets are insufficient, they do not require capitalization.

iii. In South Africa, based on Generally Recognized Accounting Practice (GRAP) 103, the recognition of assets as historic assets has several criteria as follows:

a. Assets are retained indefinitely
b. The government declares these assets as historical treasures
c. The asset is protected and preserved in the present for future sustainability
d. The value of the asset continues to increase;
e. There is no definite value that can describe the asset;
f. and other factors.

Measurement is the process of determining the amount of money to recognize that should be included in the balance sheet and income statement for each financial statement element. This procedure entails the choosing of certain units of measurement. PSAP 07 of 2010 defines the measurement of fixed assets in paragraphs 22–23. If valuation of property, plant, and equipment at acquisition cost is not attainable, the value of property, plant, and equipment is determined using the asset’s fair value at the time of acquisition. The financial statements are prepared using historical value, i.e., the acquisition value or fair value recognized when the local government acquires an asset or liability.

If historic assets share similar characteristics to fixed assets, they can be measured similarly to fixed assets. That is, by applying a certain method to determining the cost of an object. For instance, by initiating the recognition of historic assets with historical cost or fair value at the time of measurement.

According to FRS 30 paragraph 18, "an organization should report heritage assets as tangible fixed assets and recognize and value them in accordance with FRS 15 "tangible fixed assets." Historical assets must be reported as tangible fixed assets and measured in line with the tangible fixed asset measurements specified in Financial Reporting Standard 15. The value of property, plant, and equipment is determined by comparing the replacement cost to the value in use. Concerning the types of non-operational heritage assets that can be capitalized, they must be evaluated under several conditions, notably, if a comparable asset market exists, the asset is valued at a lower period; if there is no comparable asset market, the asset is valued at replacement cost; unless the building or historic asset cannot be physically rebuilt, the asset is valued at zero.

GRAP 103 no 6 states the measurement of historic assets as "historical assets that qualify for asset recognition should initially be valued at cost.” Where heritage assets are required at no cost or at a nominal cost, its cost should be determined using their fair market value on the date of acquisition.” Historic property, plant, and equipment must be valued at cost; when an asset is acquired with no value, it must be valued at fair value. The following charges are included in the acquisition cost:

i. Cost after discount and taxes
ii. Import values
iii. All forms of costs incurred to obtain the asset until it is ready for use, such as relocation costs and restoration costs

The procedure of valuing or measuring historic assets after they have been valued is used to determine the amount of money that must be affixed to each part or item of financial statements at the time of presentation. After going through the initial recognition measuring process, an object's value may alter. These adjustments can result in an increase or decrease in the cost associated with an object.

According to PSAP No. 7, historic assets shall be evaluated at their historical cost or fair value at the time of acquisition, and will be treated similarly to other fixed assets if they are included in operating heritage assets. Non-operational heritage assets cannot be handled the same as other assets because their value cannot be assessed at the moment of initial measurement. According to paragraph 52 of PSAP No. 7, “fixed assets are presented at their cost, less cumulative depreciation.” When circumstances warrant revaluation, property, plant, and equipment are presented with modifications to their respective property, plant, and equipment and equity accounts’. Not all methods of depreciation apply to historical assets.

GRAP 103, which controls historic assets, has two models for valuing historic assets: the revaluation model and the cost model. When calculating the value at the end of the period using the cost model, the depreciation expense must be minimized. However, because historic assets are capital that are maintained in perpetuity, no depreciation is applied. The revaluation approach is used if the historic asset had a measurable value at the time of recognition. The period during which historic assets are revalued will depend on changes in their fair worth. Revaluation of historic assets that do not see material changes in fair value will occur every three or five years. If there is a considerable change in fair value, it will be revalued annually. In the United Kingdom, FRS 30 paragraph 21
states that "valuations of heritage assets may be determined using any appropriate and relevant method." The UK Federal Government allows each body to value historic assets in a variety of ways.

As the final step in the accounting process, disclosure is the presentation of information in the form of financial statements. This information includes the financial statements themselves, their notes, and any other disclosures made in connection with the financial statements. The ultimate stage of certain historic asset recognition processes is the inclusion of historic assets in government financial statements. The financial statements must include the following information for each category of property, plant, and equipment:

i. The valuation basis used to determine the carrying amount
ii. Reconciliation of the carrying amount at the beginning and end of the period showing additions, disposals, accumulations and changes in value, if any, as well as mutations of other property, plant and equipment.
iii. Depreciation information includes:
   a. depreciation value
   b. the depreciation method used
   c. useful life or depreciation rate at the beginning
   d. Gross carrying amount and accumulated depreciation at the beginning and end of the period

According to PSAP No. 07 of 2010, heritage assets are classified as operative or non-operational. Except for some historical assets that provide additional potential benefits to the government further than their historical value, such as office buildings, non-operational heritage assets are disclosed in the Notes to the Financial Statements without a value, with the exception of some historical assets that provide additional potential benefits to the government other than their historical value. These assets will be treated similarly to other fixed assets, both treatment and measurement, as well as evaluation. Assets classified as historical will be included in the Statement of Financial Position (Balance Sheet).

The public sector examines all forms of historical assets and records them on the balance sheet. Non-current assets include historical assets. Historic assets are not included in the PPE (Property, Plant, and Equipment) category, as they are subject to separate policies and regulations (GRAP 103 no 10). Capitalized historical assets, both operating and non-operational, are classified as fixed assets and are classified as buildings, land, infrastructure, transportation equipment, and so on. The disclosure of these past assets must be thoroughly reviewed. For assets that cannot be capitalized, they will be detailed in the Notes to the Financial Statements, which must identify the reasons for their exclusion from the balance sheet, the age and size of the historic asset, and the method by which the historic asset was obtained and used (FRS 30 Paragraph 7-9).

When a historical asset is disclosed on the balance sheet, paragraph 11 of FRS 30 requires that the following items be disclosed as well:

i. The initial value of historical assets at the beginning of the accounting period and at the balance sheet date, including group analysis of historical assets reported using the cost method and the valuation method.
ii. When an asset is reported using the valuation method, it must disclose sufficient information to assist understanding in the application of the valuation method, including:
   a. Valuation date
   b. The method used to evaluate
   c. If the valuation uses the services of an appraiser, it must include the name of the appraiser and the professional qualifications of the appraiser
   d. And some limitations in valuation

Financial statement comprises a report that contains information about the finances of an organization. Financial statements are made or published by the company from the results of the accounting process to provide financial information to related internal and external parties.

The accountability of public sector organizations is carried out by preparing financial reports. The components of the financial statements contained in a set of financial statements consist of budget reports and financial reports (SAP 01 par 14). The following are the components of the financial statements of public sector organizations:

i. Budget Realization Report  
ii. Report Changes in Budget Balance Over  
iii. Balance  
iv. Operational Report  
v. Cash flow statement  
vi. Statement of Changes in Equity  
vii. Notes to Financial Statements
Research and Methodology

To ascertain how historical assets are treated centrally and to acquire a better understanding, this research employed a qualitative approach in the form of case study research. The researchers in this study played a role as both instruments of research and data collectors.

The artefact in this investigation is located at the Situs Watu Gong Malang. To collect data on research subjects, observations, interviews, and documentation were performed. Passive participant observation was used to collect data from the beginning of 2021 to the end, and the researchers also conducted interviews with informants, utilizing technology to support interview activities. The final stage was documentation, which includes a history, vision, mission, financial records, and photographs of operations.

The data analysis paradigm employed was Miles and Huberman's, which consists of three concurrent flows of activity, which include data reduction, data visualization, and conclusion drawing/verification. The research process included selecting a research topic, formulating research, collecting data, analyzing data, and creating reports.

Findings and Discussions

General Overview

The Situs Watu Gong, located in Malang, East Java, Indonesia, is managed by the local community, led by an archaeologist from the nearby hamlet. Management is done on a voluntary basis by all community members that concern on culture and ancestral history. Under the law, this Situs Watu Gong should be managed by the East Java Cultural Heritage Preservation Center (BPCB), which serves as the Technical Implementation Unit for the preservation of cultural heritage under the direct supervision of the Republic of Indonesia's Ministry of Education and Culture. The Cultural Conservation Preservation Center is governed by Permenikbud No. 30 of 2015, as well as Permenkubd No. 31 of 2016. The Situs Watu Gong Manager's area of responsibility encompasses all historical things in East Java. However, because the BPCB is located relatively distant from the Situs Watu Gong, in Mojokerto Regency, East Java, the site is managed more intensely on a voluntary basis by locals in the Malang area. Situs Watu Gong is a vestige of the Singosari Kingdom, which was founded in the 14th century and is now roughly 600 years old.

Recognition of Historic Assets

The Situs Watu Gong Manager considers the Situs Watu Gong as a cultural heritage site that must be conserved, not as an asset, because the Situs Watu Gong Manager cannot estimate an appropriate value or price for the Situs Watu Gong. This is because the Situs Watu Gong Manager did not acquire the Situs Watu Gong through acquisitions, but rather through his own conclusions based on accounts from Malang residents. The documents for the Situs Watu Gong Manager's recognition only cover the area of the temple and the land on which it is located without a value, and thus the Situs Watu Gong Manager has not recognized it as an asset.

According to South Africa's Generally Recognized Accounting Practice (GRAP) 103, a Cultural Heritage asset can be classified as a historic asset if it meets the following criteria: the asset is maintained indefinitely, the government declares the asset as historical property, the asset is protected and preserved in the present for future sustainability, the asset's value continues to increase or increase, the asset's value continues to increase, there is no definite value that can adequately describe the asset, it is diverse. In some cases, it can be hundreds of years.

According to GRAP 103, Situs Watu Gong can be categorized as historic assets because it fits six of the cultural heritage criteria.

A historic asset will be recognized as an asset if it meets several criteria contained in PSAP 07 of 2010 including:

i. Has a useful life of 12 months. Based on the history of the Situs Watu Gong, the site is now about 600 years old. With the age of the Situs Watu Gong which has reached hundreds of years, the Situs Watu Gong can be grouped into asset groups.

ii. The cost can be measured reliably.

Cost is one of the most important criteria in recognizing historical assets as assets. If a historical asset cannot be measured at cost, the historical asset cannot be recognized as an asset. The Situs Watu Gong Manager has not been able to recognize the Situs Watu Gong as an asset because the Situs Watu Gong Manager has not been able to determine the value of the Situs Watu Gong when identifying the Situs Watu Gong. To be able to recognize it as an asset, the Situs Watu Gong Manager must determine the acquisition value for the Situs Watu Gong.

Based on GRAP 103 of the Republic of South Africa, when recognizing historic assets as assets for historic assets that have no value, it must take into account the following criteria:

i. The value of the asset in the market

ii. The costs incurred to examine the asset

iii. Initial estimate of dismantling costs if the asset is dismantled

iv. Depreciable maintenance equipment
If the Situs Watu Gong Manager recognizes the Situs Watu Gong as an asset, the Situs Watu Gong Manager must evaluate various factors when determining the Situs Watu Gong's value, including research expenses for the site, land replacement costs for the temple's construction, and costs of restoration (if in the upcoming future the manager decide to restore the Situs Watu Gong) even if the Situs Watu Gong's value cannot be determined.

The Situs Watu Gong Manager may apply GRAP 103, which controls historical assets particularly, if there are no standards in Indonesia controlling how to identify and establish the acquisition cost of a historic asset that lacks a market price or fair value, such as the Situs Watu Gong.

i. Not intended for sale in the course of the entity's normal operations.

The Situs Watu Gong is not a product for sale. Due to the fact that the management of the Situs Watu Gong is a government entity that is not profit-oriented, the Situs Watu Gong cannot be sold. Additionally, selling historically significant assets such as the Situs Watu Gong will increase friction in the community.

ii. Constructed or acquired for the intention of use.

The Situs Watu Gong Manager is responsible for preserving, maintaining, caring for, and preserving the site's value for the benefit of public services. Therefore, the community can access the Situs Watu Gong as a source of education and awareness that a significant event has occurred that impacts the nation's and community's way of life.

If the acquisition value of the Situs Watu Gong can be reliably estimated and quantified at the time of initial recognition, the Situs Watu Gong Manager must then classify the Situs Watu Gong into asset classes. This is because the Situs Watu Gong satisfies a number of the asset requirements set forth in PSAP 07. The Situs Watu Gong can be classified as a historical asset that falls under the category of fixed assets.

A government-owned historic asset such as the Situs Watu Gong can be recognized as an asset, which can increase public confidence in the Situs Watu Gong Manager because the Situs Watu Gong Manager will be required to maintain the Situs Watu Gong as a historical asset on behalf of the government if it is recognized as such an asset. In order to ensure that the continuity of the Situs Watu Gong is maintained in perpetuity.

**Historic Asset Measurement**

Measurement discussions within an entity are inextricably connected to the entity's recognition of historical assets; measurement becomes a critical discussion because it entails how an entity can provide measurements of historical assets whose value can accurately describe the real situation in the field.

PSAP 07 of 2010 defines the measurement of fixed assets in paragraphs 22–23. If valuation of property, plant, and equipment at acquisition cost is not attainable, the value of property, plant, and equipment is determined using the asset's fair value at the time of acquisition. The financial statements are prepared using historical value, namely the acquisition value or fair value recognized when the local government acquires an asset or liability.

**Measurement on Early Recognition of Historic Assets**

According to PSAP 07 of 2010, historic assets are measured at the time they are acquired, whether through discoveries, grants, or purchases. The Situs Watu Gong Manager recognizes assets obtained from discoveries and donations. The historical assets discovered by the Situs Watu Gong Manager are not recognized as assets but as cultural heritage that must be preserved. This is because the Situs Watu Gong Manager is unable to determine the value of the historical assets discovered owing to the unavailability of a market value for historical assets. As a result, the Situs Watu Gong Manager is unable to evaluate the historic asset's fair value, one of the asset's requirements is not met, and the BPCB cannot take accurate measurements.

Referring to GRAP 103, historical assets must be valued at cost, and the following elements must be included in the valuation:

i. Purchase price of historical assets
ii. Directly attributable costs
iii. Initial estimate of dismantling and moving costs
iv. And all costs incurred to acquire these historic assets.

Thus, when doing preliminary measurements of the Situs Watu Gong in order to identify it, the site manager should evaluate numerous key items included inside the site, particularly regarding:

i. Costs directly attributable

This charge covers the cost of research conducted by the Situs Watu Gong Manager on behalf of the Situs Watu Gong. Research costs that have been incurred are usually relatively small.
ii. Estimated initial dismantle and relocation cost

One of the characteristics of historical assets is that they have a high level of historical value and information, which enables the government to carry out destruction, reconstruction, and restoration. The Situs Watu Gong is one of the temples in East Java that has not been restored, which means that if it is restored in the future, the restoration costs must be capitalized as historical assets.

iii. Acquisition costs

The acquisition cost of the Situs Watu Gong can be capitalized by deducting the costs incurred to acquire the site initially and the costs incurred subsequent to the acquisition of the fixed assets. The expenditures associated with acquiring the Situs Watu Gong may include the replacement of 400 m² of land and the building utilized as a guard post, while the worth of the Situs Watu Gong cannot be estimated. This is consistent with the research conducted by (Agustini & Putra, 2011), which states that the types of non-operational heritage assets that can be recognized on the balance sheet are the historical land and building assets that must be assessed and then recognized on the balance sheet for the purpose of government reporting entities' financial reporting.

Numerous factors must be considered while calculating the value of a 400-square-meter land area. Not only does this area include the Situs Watu Gong, but it also consists of a post building, a guard house, and a parking lot. All costs incurred prior to the community's use of the Situs Watu Gong area must be recognized and capitalized as assets. This is also consistent with FRS 30, which mandates the measuring of non-operational heritage assets to be done on a cost basis, with land and buildings being the measured items.

Indeed, even after initial measurements are taken at the time of recognition, the Situs Watu Gong Manager will incur fees associated with the Situs Watu Gong. These expenses can be financial or non-financial in disposition. Repair expenses, maintenance costs, and operational expenses are all expenditures incurred after the acquisition of fixed assets. The Situs Watu Gong Manager is responsible for classifying the costs incurred at the Situs Watu Gong as capital or revenue expenditures.

Measurement after Initial Recognition

After going through the initial recognition measuring process, an object's value may alter. These adjustments can result in an increase or decrease in the cost associated with an object. This can be caused by an object deteriorating or becoming damaged as a result of a catastrophe that requires repair. The purpose of asset valuation is to use an appropriate valuation basis to represent the features of asset items that are connected to the financial statements' objectives (Agustini & Putra, 2011).

GRAP 103, which controls historic assets, has two models for valuing historic assets: the revaluation model and the cost model. When calculating the value at the end of the period using the cost model, the depreciation expense must be minimized. However, because historic assets are assets that are kept in perpetuity, no depreciation is applied. The revaluation approach is used if the past asset has a fair value at the time of recognition. The period during which historic assets are revalued will depend on changes in their fair worth. Revaluation of historic assets that do not see material changes in fair value will occur every three or five years. If there is a considerable change in fair value, it will be revalued annually.

The initial measurement applied by the Situs Watu Gong Manager at the time of acquisition will have an effect on the subsequent measurement procedure. Appropriate assessment is accomplished by the application of the cost technique. This approach is used since the value of the Situs Watu Gong was not accessible at the time of acquisition and can be determined using the acquisition price. When considering the age of the Situs Watu Gong, which is in the hundreds of years range, the cost technique is more appropriate, as the cost method also incorporates the nature of historic assets. If the useful life of a historic item is indefinite, the depreciated value is irrelevant. The revaluation method is inapplicable since the Situs Watu Gong lacks both fair and market value.

Depreciation should be applied to historical assets such as operational legacy assets and non-operational heritage assets that can be quantified adequately. While the government intends to maintain it in perpetuity, a cultural heritage structure must have a limited physical lifespan. The amount of depreciation can assist the government in determining when to repair (renovate) the building in order to keep it in good condition.

Historic Asset Reporting

The final stage of historic asset recognition processes is the inclusion of historic assets in government financial statements. Financial reports are generated by the government to demonstrate accountability for the management of public assets. Because a historic object is a public asset, it requires government attention to keep it in good condition.

The group of assets is divided into two categories in the financial statements: current assets and non-current assets. According to PSAP 07 of 2010, historical assets, operational heritage assets, and non-operational heritage assets can be classed as non-current fixed assets.

According to the findings, the Situs Watu Gong Manager's past assets have not been portrayed as assets. The problems encountered by BPCB in recognizing and quantifying will affect the presentation. As a result, the Situs Watu Gong has not been included in the financial accounts.
All historical assets must be included on the balance sheet when referring to FRS 30. Thus, the Situs Watu Gong should be included in the financial statements, particularly the balance sheet, in the fixed assets group, distinct from the PPE (Plant, Property, Equipment) group, because historical assets are treated differently than other fixed assets, and thus cannot be combined with PPE (Plant, Property, Equipment). If there is a revaluation, the value of historic assets must be identical to the value of historic assets following the assessment; if there is no revaluation, the value of the Situs Watu Gong is provided at the time of initial recognition. Here is another way to present past assets.

**Table 1: Partial Balance Sheet**

| Year 20x1 |
|-----------|
| **Fixed Asset** |
| Property, Plant, Equipment (PPE) | Xxx |
| Equipment depreciation accumulation | (xxx) |
| **Historical Asset** |
| Non-tangible fixed asset | Xxx |
| Other non-current assets | Xxx |
| **Fixed asset total** | Xxx |

**Source:** Processed data

**Disclosure of Historical Asset**

As the final step in the accounting process, disclosure is the publication of information in the form of financial statements. This information includes the financial statements themselves, their notes, and any other disclosures made in connection with the financial statements.

No historical assets, in this case Situs Watu Gong, is disclosed. The problems encountered by BPCB in recognizing, measuring, and presenting historical assets will have an effect on their ability to disclose the Situs Watu Gong's historical assets in the financial statements they prepare.

Numerous government accounting standards that apply internationally, with a particular emphasis on the accounting treatment of historical assets, such as GRAP 103 of Republic of South Africa, explain how to disclose historical assets that meet the criteria for asset recognition. Historic assets classified as fixed assets and separately from Property, Plant, and Equipment (PPE) on the balance sheet are valued at cost at the time of initial recognition for historic assets that cannot be quantified at fair value. While historical assets will be revalued or depreciated at the end of the period based on their fair value at the time of recognition. The balance sheet's historical assets will be detailed in detail in the Notes to the Financial Statements.

**Table 2: Notes to Partial Financial Report**

| Historical Asset | Year 20x1 |
|------------------|-----------|
| Opening balance of certain period | Xxx |
| Depreciation/revaluation | Xxx |
| Accumulated losses | (xxx) |
| Addition | Xxx |
| Addition/subtraction from revaluation | (Xxx) |
| Loss/loss reversal | (Xxx) |
| Transfer to or from historical assets | Xxx |
| Addition or subtraction | (xxx) |
| **Closing balance** | Xxx |

**Source:** GRAP 103

If a historic asset is presented on the balance sheet with a value at the time of valuation, the balance sheet value must be explained in the Notes to the Financial Statements, in addition to the Notes to the Financial Statements containing information about the reasons for the recognition of historic assets, the method used to measure them, and their condition, historical assets, and a reconciliation of the period's beginning and ending carrying amounts.

The manager of the Situs Watu Gong must disclose the Situs Watu Gong in the Notes to the Financial Statements at any time if it has applied appropriate accounting treatment to the Situs Watu Gong, including the following information: the reason for recognizing...
the Situs Watu Gong as an asset, the method used to measure the Situs Watu Gong, the profile of the Situs Watu Gong, the history of the Situs Watu Gong, and the physical condition of the Watu.

Conclusions

As part of the process of recognizing historical assets, the government must include the Situs Watu Gong as a fixed asset. The Situs Watu Gong must be recognized as an asset at all costs.

Measuring historic assets consists of two stages: initial recognition measurement and post-recognition measurement. The Situs Watu Gong management must capitalize the worth of the land and structures in addition to the temple building's value, as the temple building's value is difficult to quantify. After identification, measurements are made using the cost approach, as the Situs Watu Gong can be measured at cost at the moment of recognition.

The final step in the recognition and measurement stage is the presentation of historic assets in the government's financial statements. Watu Gong properties that are classified as assets are classified in the balance sheet as fixed assets, distinct from the PPE (Plant, Property, and Equipment) category.

After being presented, past assets must be reported at the stated value. The financial statements must include information about the Situs Watu Gong, including the following: the reasons for recognizing the Situs Watu Gong as an asset, the method used to measure the Situs Watu Gong, the Situs Watu Gong's profile, the Situs Watu Gong's history, the Situs Watu Gong's physical condition, and the amount reconciled documented at the beginning and end of the period if the carrying value of the Situs Watu Gong is depreciated or revalued.

One of the study's limitations is that it can only provide a conceptual and theoretical overview of the designation, measurement, and reporting of historical assets in the form of the Situs Watu Gong. Further research is planned to provide a clearer explanation of the accounting treatment of other historical assets.

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