

## ACCOUNTING TREATMENT OF PRODUCING PLANTS AND NOT YEARING PALM OIL CULTIVATION AT PT PERKEBUNAN NUSANTARA III (HOLDING)

**Nurkhotimah Sinaga**

Plantation Cultivation Study Program  
Indonesian Institute of Palm Technology  
[nurkhotimah.lpp@gmail.com](mailto:nurkhotimah.lpp@gmail.com)

### Abstract

This research aims to know describing briefly about accounting treatment of mature plants and immature plants of palm oil cultivation at PT Perkebunan Nusantara III (holding). This research is in case/field research, with the characteristics of the problem referring to the background and condition nowadays of the subjects studied, it is immature plants and mature plants, so that a complete picture is obtained regarding this matter. In this research, using descriptive method and comparative method in analyzing the data. In descriptive method, the researcher collected, compiled, classified the data obtained and then interpreted and analyzed it so as to provide complete information and description regarding the accounting treatment of immature plants and mature plants of palm oil cultivation at PT Perkebunan Nusantara III (holding). Eventhough in comparative method is used to compare the accounting treatment of mature plants and immature plants of palm oil cultivation in the company's financial statements with the accounting treatment in the financial statements that refers to PSAK No. 16 (2015), OJK Regulation (2021), and Pedoman Akuntansi BUMN Perkebunan (PABP) 2008, which are generally accepted in Indonesia. The data collected is secondary data. Using documentation techniques in data collection. The results of this study indicate that the accounting treatment for immature plants and mature plant of Palm Oil Cultivation at PT Perkebunan Nusantara III (holding). is generally in accordance with PSAK No. 16 (2015), OJK Regulation (2021), and Pedoman Akuntansi BUMN Perkebunan (PABP) 2008.

***Keywords: Immature Plants, Mature Plants, Accounting Treatment, Palm Oil cultivation***

### 1. INTRODUCTION

Based on Indexmundi.com data, Indonesia is the largest CPO producing country in the world. In 2021, Indonesia's palm oil production will reach 44.5 million tons. When compared with data from the Indonesian Palm Oil Association (Gapki), the figure is greater, reaching 46.8 million tons. Palm oil production is produced from plantations which cover an area of 15.1 million hectares.

The Ministry of Agriculture noted that the area of oil palm plantations has increased from year to year. In 2018, Indonesia's oil palm plantations were 14.3 million hectares wide. Then it expanded in 2019 to reach 14.5 million hectares, and in 2020 it reached 14.9 million hectares

Not much different from the records of the Central Statistics Agency (BPS), the area of oil palm plantations has increased from year to year. BPS data shows that the area of oil palm plantations in 2016 was 11.2 million hectares, then increased to 12.3 million hectares in 2017, and 14.3 in 2018. oil palm increased again in 2019 to 14.4 million hectares and reached 14.8 million hectares in 2020.

As time goes by, plantation companies in Indonesia have developed and in particular the Nusantara Plantation Limited Company (PTPN) under the Plantation BUMN has also undergone changes and has been transformed. On October 1, 2014 the Minister of State-Owned Enterprises (BUMN) Dahlan Iskan, inaugurated the establishment of a Plantation SOE holding in accordance with the letter of KMK RI No 469/KMK.06/2014 concerning the Determination of the Value of Additional State Equity Participation in the capital of a public company (Perum) Forestry state,

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October 1 2014. Since then PTPN III has become the holding company of PTPN I, II, IV to PTPN XIV

The development of the plantation sector is closely related to the role of Immature Crops and Mature Crops (which are often abbreviated as TBM and TM) as assets used in the production of the plantation sector. Estimates of TBM and TM are typical estimates in the plantation sector, which are not found in other companies generally not engaged in plantations.

TBM and TM are essential objects in companies operating in the plantation sector. The role of these fixed assets greatly affects the productivity of plantation companies. This fixed asset is also an asset that has a high value if sold by the company. So it is not surprising that a plantation company is judged by the plants it owns because the investment in TBM and TM is quite large. So it is not wrong to conclude that one of the factors that determine the success of a plantation company is determined by its TBM and TM.

TBM and TM itself have a strong relationship, both are the same plant, only the age of the plant differs. In oil palm cultivation, TBM is a plant with an age of 0 sd. 3 years. While TM is a plant of more than 3 sd. 27 even up to 30 years (or the plant does not produce anymore).

The thing that needs to be considered in relation to Fixed Assets in this case TBM and TM is how the accounting for TBM and TM is carried out in plantation companies. Understanding accounting here includes identifying, measuring, recording and reporting activities. This is in accordance with the definition of accounting itself, including according to the American Accounting Association quoted by Abdul Halim and Muhammad Syam Kusufi (2012), "Accounting is an identification process; measurement; recording and reporting of economic activities in an organizational entity that is used as information in making decisions by interested parties.

Accurate accounting for fixed assets gives confidence to the management and stakeholders of the company, about the security of the company's fixed assets, in this case the existence of TBM and TM. In addition, it can be used as consideration and provide confidence for stakeholders in making decisions in the future.

The accounting treatment of property, plant and equipment as stated in the Statement of Financial Accounting Standards (PSAK) No. 16 : 2015 includes the acquisition of property and equipment, depreciation expense, and disposal / derecognition of property, plant and equipment. Some accounting treatments offer several alternatives that can be chosen, one of which is the method of depreciation of fixed assets. The application of the straight-line depreciation method, or the unit of production method at TM, will have a different effect on the company, because it will affect the net value of fixed assets on the one hand and affect the company's profit on the other. This needs to be a concern of management in determining the chosen method, so as not to mislead stakeholders in making decisions in the future.

## **2.RESEARCH METHOD**

### **2.1.Place and Time**

This research was conducted at PT Perkebunan Nusantara III (Persero) Holding from April to May 2022

### **2.2.Types of research**

This research includes case study research. Case Study Research is a research with problem characteristics related to the background and current condition of the object under study, namely Immature Plants and Oil Palm Mature Plants, in order to obtain a complete picture of Immature Plants and Oil Palm Mature Plants. In this study, the data and facts obtained regarding the accounting treatment policy for fixed assets in this case the TBM and TM applied at PT Perkebunan Nusantara III (Persero) holding were then compared with the application of accounting treatment based on accounting treatment for Mature Plants (TM) and Undeveloped Plants. Produce (TBM) based on PSAK No. 16, OJK Regulations and Accounting Guidelines for Plantation SOEs to answer the research objectives.

### 2.3.Data Source

Sources of Data In the preparation of this study will use secondary data, namely: is a variety of data and information that has been there before and deliberately collected by researchers that are used to complete the data needs of this research both from the company and outside the company, such as the Company's Annual Report (2016 to 2020), the company's fixed asset accounting policy guidelines, Statement of Financial Accounting Standards (PSAK) No. 16 : 2015, Financial Services Authority (OJK) Regulation : SEOJK 33 -04 -2021, Accounting Guidelines for Plantation SOEs (PABP): 2008, journals, books or other references that support this research.

### 2.4.Data collection technique

The data collection technique used is the Documentation Technique. Researchers get various data regarding the variables related to this research, by utilizing government publication sources, websites, books, journal articles, internal organization records and so on.

### 2.5.Data Analysis Method

To analyze the data obtained, the author uses 2 (two) methods, namely descriptive methods and comparative methods. In analyzing the data using descriptive analysis, the researchers collected, compiled, classified the data obtained and then interpreted and analyzed it so as to provide complete information and a complete picture of the accounting treatment of Palm Oil TBM and TM at PT Perkebunan Nusantara III (Persero) holding. Furthermore, data analysis was carried out using a comparative method, namely by comparing the accounting treatment of TBM and TM Palm Oil in the company's financial statements with the accounting treatment in the financial statements in accordance with PSAK No. 16 (2015), OJK Regulation (2021), and Accounting Guidelines for Plantation SOEs (PABP) 2008, including recognition of TBM and TM, acquisition of TBM, reclassification of TBM to TM,

The conceptual framework in this research can be seen in Figure 1 below:

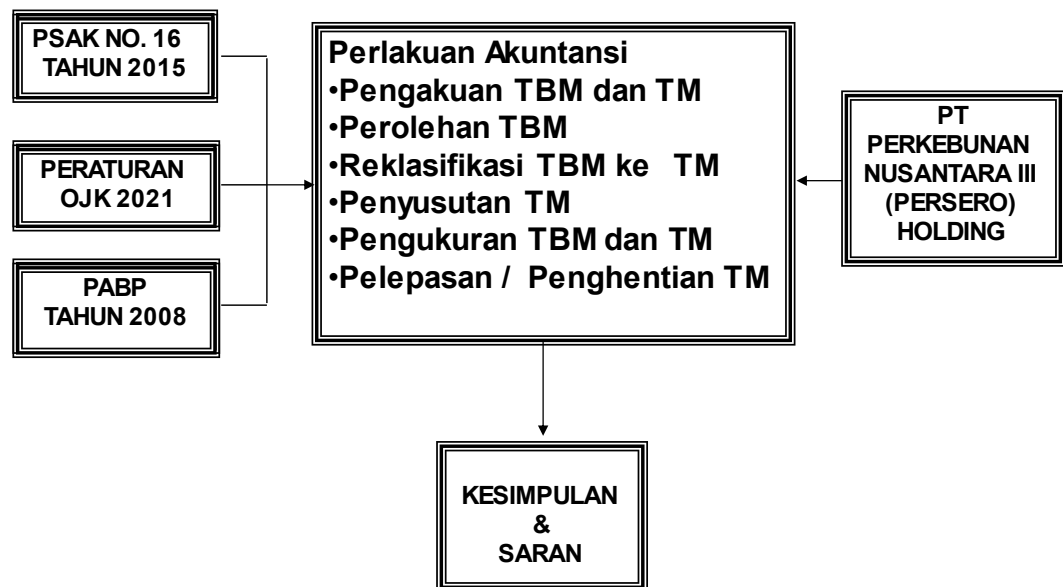


Figure 1. Research conceptual framework

### 3.RESULTS AND DISCUSSION

#### 3.1.Company Overview

PT. Perkebunan Nusantara III (Persero) Holding is a State-Owned Enterprise which is engaged in the management, processing and marketing of plantation products. PTPN III became the holding parent of PTPN I, II, IV to PTPN XIV since October 1, 2014 after the Minister of State-Owned Enterprises (BUMN) Dahlan Iskan, inaugurated the establishment of a Plantation BUMN holding in accordance with the letter of KMK RI No 469/KMK.06/2014 concerning the Stipulation of the Value Added to the State Capital Participation into the capital of the state Forestry Public Company (Perum).

As one of the State-Owned Plantation Companies that has been engaged in oil palm and rubber plantations for a long time, currently Holding Perkebunan Nusantara PTPN III (Persero) has 7 commodity products spread throughout Indonesia. These commodities include Palm Oil, Rubber, Tea, Coffee, Sugar Cane, Tobacco, and Cocoa. And among these commodities, the largest commodity is Palm Oil.

The area of oil palm plantations in 2020 is 564,524.23 ha consisting of Mature Plants (TM) covering an area of 462,591.52 ha, Immature Plants (TBM) 49,827.48 ha, New Plants (TB)/Replanting (TU)/Plant This year (TTI) is 14,131.76 ha and Non-Productive Plants (TTAD) is 37,973.47 ha. Meanwhile, oil palm nurseries cover an area of 523.58 ha, so the total area of oil palm plantations in 2020 is 565,047.81 ha.

Given the increasingly rapid development of the oil palm plantation sub-sector in Indonesia, and oil palm being the largest source of production in PT. Perkebunan Nusantara III (Persero) Holding. Currently, this research is devoted to oil palm cultivation

#### 3.2.Research Results

Based on the data obtained, the researchers tried to analyze how the accounting treatment of Immature Plants (TBM) and Mature Plants (TM) in the company, the accounting treatment includes:

a) Recognition of Immature Plants and Mature Plants

One of the characteristics of a plantation company is the presence of biological assets in the form of immature plants (TBM) and mature plants (TM). Immature Plants are plants that have not yet produced. In oil palm cultivation, TBM is a plant with an age of 0 sd. 3 years. While Produce Plants are plants that are already in production, the age of the plant is more than 3 sd. 27 years and even up to 30 years (until the plants no longer produce).

At PT Perkebunan Nusantara III (holding) Immature plantations are recorded as part of the Company's Fixed Assets in the Productive Plants group, and are not amortized.



Similarly, Mature Plants are recognized as Fixed Assets of the Company in the Productive Plants group, and are depreciated.

Based on Accounting Guidelines for Plantation SOEs (PABP), Plant assets are fixed assets in the form of plantation crops consisting of immature plantations (TBM) and mature plantations (TM). A Plant sets are presented as non-current assets in a separate item. Details of type and amount of plant assets, namely TBM and TM plant assets.

As for the Statement of Financial Accounting Standards (PSAK) No. 16 : 2015, state that biological assets that meet the definition of bearer plants are included in the scope of PSAK 16: Fixed Assets. The definition of productive plants as living plants that:

- a. Used in the production or supply of agricultural products;
- b. Expected to produce a product for a period of more than one period; and
- c. Has a very rare chance of being sold as an agricultural product, except for the sale of incidental waste.

Meanwhile, based on the Regulation of the Financial Services Authority (OJK): SEOJK 33 -04 -2021, it is stated One of the additional information that must be presented in the Plantation Property Valuation Report is plantation crops, including mature and immature plantations

For more details, the following is a comparison of the recognition of immature and mature plants between PT Perkebunan Nusantara III (holding) and: Accounting Guidelines for Plantation SOEs (PABP), PSAK 16: Fixed Assets, and Regulation of the Financial Services Authority (OJK): SEOJK 33 -04 -2021 can be seen in the table

**Table 1. Comparison of Recognition of Immature Plants and Mature Plants**

DESCRIPTION	PSAK 16 : 2015	OJK REGULATION : 2021	(PABP) : 2008	PTPN III (PERSERO) HOLDING	DESCRIPTION
Confession	Biological assets that meet the definition of bearer plants are included in the scope of PSAK 16: Fixed Assets	Plantation crops included in the Plantation Property Valuation Report include mature and immature plantations;	Plant assets are presented as non-current assets in a separate account. Details of type and amount of plant assets,	TBM is recognized as property, plant and equipment in the productive plantations group, and is not amortized. Meanwhile,	<b>In Accordance</b>



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			n amely TBM and TM plant assets.	TM is recognized as a fixed asset in the productive plantation group, and is depreciated	
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b) Acquisition of Immature Plants (TBM)

Immature Plants are plants that have not yet produced. In oil palm cultivation, TBM is a plant with an age of 0 sd. 3 years. At PT Perkebunan Nusantara III (holding) immature plantations are stated at cost which includes land preparation, planting, fertilizing and maintenance costs, including the capitalization of borrowing costs used to finance the development of immature plantations and other indirect costs allocated based on the planted hectares. at the end of the year until the plantation is ready for harvest, provided that the carrying amount of the immature plantation does not exceed the lower of replacement cost or recoverable amount.

Based on Accounting Guidelines for Plantation SOEs (PABP) the cost of Immature Plants (TBM) consists of:

Initial acquisition cost

Costs recognized as part of TBM (original acquisition cost), include: Input costs;

Input costs are the acquisition cost of seeds and other costs incurred until the seeds are ready for planting

**Processing fee;** Process costs are costs incurred to become mature plants, these costs consist of: Direct labor costs in the unit/garden for the maintenance of immature plant assets.

Consist of :

Direct labor costs include employee benefits directly related to plant cultivation, such as labor wages.

Labor costs that are not directly related to plant cultivation, such as bonuses, allowances, and so on, do not include costs that can be capitalized to plant assets. These costs are charged in the period in which they are incurred.

Other costs incurred in the unit/plantation that can be distributed directly to plant assets.

Consist of :

**Cost of land preparation (land clearing);** handling and transportation costs of plant seeds; the cost of planting, fertilizing, and maintaining; infrastructure development; plant asset testing costs; and commission fees for professionals who handle plant assets.

**General and administrative expenses** in the unit/plantation, head office/board of directors, and in other places, excluding costs that can be capitalized to plant assets. These costs are recognized as expenses in the period in which they are incurred.

**Indirect cost allocation**

The allocation of indirect costs that can be capitalized to the TBM of plant assets is capitalized to plant assets, for example borrowing costs.

**Insertion fee**

The insertion fee consists of:

The cost of inserting/embroidering a plant asset in the TBM area is recognized as an addition to the carrying amount of the TBM asset

Comparison of Acquisition of Immature Plants (TBM) between PT Perkebunan Nusantara III (holding) and Accounting Guidelines for Plantation SOEs



(PABP),PSAK 16: Fixed Assets, andRegulation of the Financial Services Authority (OJK): SEOJK 33 -04 -2021 for more details can be seen in Table 2 below:

The cost of inserting/embroidering a plant asset in the TM area is recognized as an expense in the period in which it is incurred.

Meanwhile, based on the Regulation of the Financial Services Authority (OJK): SEOJK 33 -04 -2021, Costs that may be included in valuing immature plantations include:

- a. Land clearing (Land Clearing).
- b. Erection.
- c. Making planting holes.
- d. Planting of shade trees, nuts/legumes (if any).
- e. Nursery.
- f. planting.
- g. Embroidery and insertion, (if any).
- h. Maintenance of immature plants.
- i. Supporting facilities
- j. Costs that can be included in valuing plantation land assets include costs incurred in managing permits until the use rights are obtained

Comparison of Acquisition of Immature Plants (TBM) between PT Perkebunan Nusantara III (holding) andAccounting Guidelines for Plantation SOEs (PABP),PSAK 16: Fixed Assets, andRegulation of the Financial Services Authority (OJK): SEOJK 33 -04 -2021 for more details can be seen in Table 2 below:

Table 2. Comparison of Immature Crops Acquisition

DESCRIPTION	PSAK 16 : 2015	OJK REGULATION : 2021	(PABP) : 2008	PTPN III (PERSERO) HOLDING	DESCRIPTION
TBM Earnings	Productive plantations are accounted for in the same way as property, plant and equipment that are self-constructed before they are in the location and condition required to be ready for use as intended by management. Consequently, the reference to "construction" in this Statement is understood to include the activities necessary to cultivate	Costs that can be included in assessing immature plantations include: a. land clearing. b. erection. c. planting hole. d. planting shade trees, nuts/legumes (if any). e. nursery. f. planting. g. embroidery and insertion, (if any). h. maintenance of immature plants. i. supporting facilities . j. Costs that can be included in valuing plantation land assets include costs incurred in managing permits until the right of cultivation is obtained	The acquisition cost of TBM plant assets amounting to the accumulated costs capitalized into the TBM consists of: (1) Initial acquisition cost consisting of (a) Input costs, (b) Processing costs, and (c) Allocation of indirect costs, and (2) Insertion fee	The cost of TBM includes the cost of land preparation, planting, fertilizing and maintenance, including the capitalization of borrowing costs used to finance the development of TBM and other indirect costs allocated until the plant is ready for harvest.	<b>In Accordance</b>

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	productive crops before they are on site and the conditions necessary to make them ready for use in accordance with management's intentions.				
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c) **Reclassification of Immature Plants to Mature Plants**

Reclassification of Immature Plants into Mature Plants Oil palm cultivation is carried out when the plants are 3 years old and producing. At PT Perkebunan Nusantara III (holding) the reclassification of TBM to TM was practically carried out after the official report was issued stating that immature plants were eligible to be transferred to mature plants. It is characterized by the vegetative growth conditions of oil palm plants, which are characterized by:

- a. Oil palm plantations that are 36 months old, and or at least 60% of the total trees have matured
- b. The condition of oil palm plantations is ready for harvest and in accordance with the criteria for harvesting mature plants, with bunches weighing above 3 kilograms, or an average production of 4 tons to 6 tons per ha per year

Mature Plants are recorded at cost, i.e. accumulated costs incurred until the plants can mature or Book Value of Immature Plants when they are reclassified into Mature Plants. In the notes to the accounting reports included in the 2020 annual report, the expense of maintaining mature plants is charged to profit or loss when incurred. The cost of major renovations and additions is capitalized to the carrying amount of the related asset when it is probable that the Group's future economic benefits will be greater than the previously determined standard of performance and are depreciated over the remaining useful lives of the related asset.

Based on the Accounting Guidelines for Plantation SOEs (PABP), TBM is reclassified to TM when the plants are mature. The determination of the time the plant can produce is determined by: vegetative growth; and based on management estimates. The cost of TM is the carrying amount of TBM reclassified to TM. Costs incurred after the TM are recognized as expenses in the period in which they are incurred, except for costs that qualify to be capitalized to plant assets.

As for the Statement of Financial Accounting Standards (PSAK) No. 16 : 2015, it is stated that productive plantations are accounted for in the same manner as property, plant and equipment that were self-constructed prior to being in the location and condition required to be ready for use in accordance with management's intentions. Consequently, the reference to "construction" in this Statement is understood to include the activities necessary to cultivate productive crops before they are on site and the conditions necessary to make them ready for use in accordance with management's intentions.



#### 4. CONCLUSION

From the results of the study, it can be concluded that the accounting treatment of Palm Oil TBM and TM on the financial statements of PT Perkebunan Nusantara III (holding), is in accordance with the accounting treatment based on PSAK No. 16 (2015), OJK Regulation (2021), and Accounting Guidelines for Plantation SOEs (PABP) 2008, covering recognition of TBM and TM, acquisition of TBM, reclassification of TBM to TM, depreciation of TM, measurement of TBM and TM, and release/derecognition of TM.

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