

Literature Reflection on Financial Statement Consolidation from the Perspective of the Statement of Financial Accounting Standards (PSAK)

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Article History:

Received: 06-01-2025

Revised: 11-01-2025

Accepted: 12-01-2025

Keywords: Accounting,
Consolidation, Financial
Statements, PSAK

Abstract: This article aims to analyze and compare consolidated financial statements from year to year based on the provisions and guidelines stipulated in the Statement of Financial Accounting Standards (PSAK). Using a literature review approach, this study highlights changes in presentation, disclosure, and the impact of the implementation of the latest PSAK on the consistency and transparency of an entity's financial statements. The implementation of PSAK has brought significant progress to the quality of consolidated financial statements in Indonesia. However, improvements in practice are still needed, particularly in harmonization between PSAKs, improving internal control, and uniformity of disclosure to make financial statements more relevant and transparent.

How to Cite: Siti Nur Aini, Elvira Fitri Nuraini, Dionisius Andika Wisnu Pradana, Endang Kartini Panggiarti. Literature Reflection on Financial Statement Consolidation from the Perspective of the Statements of Financial Accounting Standards (PSAK). 2(3). pp. 157-169

<https://doi.org/10.61536/escalate.v2i03.340>



<https://doi.org/10.61536/escalate.v2i03.340>

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Introduction

Financial statement consolidation is a crucial aspect of modern accounting practice, particularly for entities that control one or more subsidiaries. This process aims to present the financial position and performance comprehensively, as if all controlled entities were a single economic entity. In Indonesia, the primary reference for consolidation is Statement of Financial Accounting Standards (PSAK) 65, which regulates control principles and consolidation procedures. PSAK 65 replaces the majority ownership approach with a control-based approach, thus requiring a deeper understanding of entity structure and relationships between business



units. The paradigm shift from ownership to control in PSAK 65 has broad implications for the transparency and accountability of financial reporting. Parent entities are required not only to technically consolidate financial statements but also to understand the economic substance of inter-entity relationships. This becomes increasingly important in the context of capital markets and investment decision-making. Kusuma and Agustin (2024) highlight that information regarding non-controlling interests in consolidated statements has a significant impact on market reactions and investors' ability to predict earnings and dividends.

Consolidated financial statements are combined financial statements of a reporting entity and its subsidiaries. A subsidiary is an entity in which the reporting entity holds more than 50 percent ownership in the subsidiary's share structure, although under PSAK 65, control may exist without majority ownership. Prior to the convergence of Indonesian Financial Accounting Standards with IFRS, non-controlling interests were recognized as expenses in the income statement and as liabilities in the statement of financial position. Following IFRS convergence, non-controlling interests are classified as equity and presented as part of comprehensive income, reflecting a more faithful representation of ownership interests.

Financial statement consolidation also has social and institutional dimensions that cannot be ignored. In nonprofit entities or social institutions such as foundations, complex organizational structures and non-profit-oriented objectives often complicate the application of conventional control principles (Kusuma & Agustin, 2024).

Despite the extensive discussion of PSAK 65 in prior studies, existing research remains fragmented and predominantly focuses on empirical case studies within profit-oriented corporations or specific industry sectors. Limited attention has been given to a comprehensive synthesis of literature that critically examines consolidation practices across different organizational contexts, including nonprofit institutions. Furthermore, previous studies tend to analyze PSAK 65 in isolation, with insufficient integration of its interaction with related standards such as PSAK 22 and IFRS convergence outcomes. This condition indicates a research gap in the form of a systematic literature-based reflection that evaluates the consistency, challenges, and practical implications of financial statement consolidation under PSAK 65 in Indonesia.

Research Methods

This article was written using a Systematic Review (SR), commonly known as a Systematic Literature Review (SLR). A literature review is a systematic, explicit, and reproducible method for identifying, evaluating, and synthesizing research and thought processes produced by researchers and practitioners. A literature review aims to analyze and synthesize existing knowledge related to the topic to be studied to identify gaps in future research. Twenty-six articles were obtained from Google Scholar and the SINTA website. These articles were then analyzed. This article discusses several reviewed and compared articles to draw conclusions.

Results and Discussion

No	Title	Writer	Method	Results
1	Analysis of the Implementation of PSAK 22 in Presentation of Bank Financial Statements 1 Indonesian Sharia After Merger (Study on BSI) KCP(Panakkukang)	Ardiansyah, Annisa Handayani, Alda Hikmah Rhamadani, Masdar Ryketeng (2023)	Descriptive qualitative	Bank Syariah Indonesia KCP Panakkukang has implemented PSAK 22 in presenting financial reports after the merger.
2	Evaluation of CompilationConsolidated Financial Statements 2 Based on PSAK 65 Case Studies on the Hasyim Asy'ari Foundation	Masdar Ryketeng, Siti Nuraeni, Amanda Putri, Andi Luti Junillah, Nurul Ida Ariqah (2023)	Descriptive qualitative	The financial reports prepared by each institutional unit still use single entry and the consolidated financial reports prepared by the Hasyim Asy'ari Foundation are not in accordance with PSAK 65 concerning consolidated reports.
3	ImplementationPSAK 65 on Financial Statements 3 Consolidation of PT Telkom Indonesia Tbk and Entities Child	Miptaql Rohma, Dyana Afendi (2023)	Descriptive qualitative	PT Telkom Indonesia Tbk has implemented PSAK 65 in its consolidated financial statements as evidenced by the contingent consideration being classified as equity or financial liabilities. A company's consolidated financial statements that depict the parent entity and its subsidiaries as economic units in terms of assets, liabilities, equity, revenues, expenses, and cash
4	ReportConsolidation and 4 Financial statements AloneBased on PSAK	Yuanne Gabrila Sriyanto, Pinky Nila Primasari, Endang Kartini Panggiarti (2023)	Descriptive qualitative	flows are known as consolidated financial statements. Separate financial statements are financial statements prepared by the parent entity that record investments in subsidiaries, associates, and jointly controlled

				entities.
5	Implementation of PSAK 65 in Preparation 5 Consolidated Financial Statements of PT Dalimo Jaya Motor	Sri Wulan Saputri, Bunga Puji Lestari, Vania Adisty Hasibuan, Siti Rodiah (2023)	Descriptive qualitative	PT Dalimo Jaya Motor has complied with PSAK 65 in preparing its Consolidated Financial Statements, recording transactions between branch offices and head office, recognizing profits, and shipping merchandise.
6	Application of PSAK 65 and Its Relationship with PSAK 221 on Business Combinations in the Preparation of Consolidated Financial Statements	Refa Indriani, Khoirunisa Azahra, Afni Rahmania, Reza Aryantina, Endang Kartini Panggiarti (2023)	Descriptive qualitative	PSAK 65 guides companies in recognizing and measuring assets, liabilities, and equity acquired from business combinations, while PSAK 22 provides specific guidance for situations where the entities involved have joint control.
7	Application of PSAK Number 65, PSAK Number 22, and 1 PSAK Number 4 in the Consolidated Financial Statements	Nila Ayu Pratiwi, Refina Pramudya Wardana, Silvia Maharani, Endang Kartini Panggiarti (2023)	Descriptive qualitative	PSAK 22 Revised 2019 regulates the consolidation of financial statements and provides guidance on the presentation of consolidated financial statements for parent entities that have subsidiaries, while PSAK 65 regulates the presentation of consolidated financial statements, and PSAK 4 regulates consolidation.
8	Disclosure of Consolidated Financial Statements 1 based on PSAK 4 (Revised 2009) at PT BCA	Widyan Ade Saputro, Yusuf Thoriq Rabbani, Endang Kartini Panggiarti (2023)	Descriptive qualitative	The consolidated financial position report, consolidated comprehensive income statement, consolidated equity change report, and consolidated cash flow report of PT Bank Central Asia Tbk and its Subsidiaries are in accordance with PSAK 4

				(Revised 2009).
9	Penyusunan Laporan Keuangan Konsolidasi Berdasarkan Penerapan PSAK No. 15, PSAK No. 22 dan PSAK No. 65	Taufiq Khaerudin, Aileen Okta Azalia, Nabilah Maulita, Endang Kartini Panggiarti (2023)	Descriptive qualitative	PSAK 65 explains the criteria for consolidation and outlines the consolidation procedures. PSAK 15 explains the requirement to use the equity method in investment regulations, as the equity method is closely related to the Consolidated Report. PSAK 22 explains the regulations on how to treat the accounting for business combinations, which can be in the form of acquisitions or mergers of companies, whether carried out through the acquisition of net assets or net assets.
10	Analysis of the Implementation of PSAK 65 and Its Challenges 1 in the Consolidated Financial Statements of PT Mayora Indah Tbk and Its Subsidiaries	Fadila Ratna Amalia, Nisrina Aulia Pradipta, Lia Uzliawati (2024)	Descriptive qualitative	PT Mayora Indah Tbk has implemented PSAK 65, but there are still technical challenges (intra-group elimination, measurement, disclosure).
11	Analysis of the Relationship between PSAK No. 22, PSAK No.1 65 Business Combinations and the Preparation of Consolidated Financial Statements	Rommist Yahya, Glorya Oktavianti, Bebi Wahyu Andre, Sindi Mayangsari, Ardhi Islamudin (2024)	Descriptive qualitative	PSAK No. 65 stipulates that parent entities must prepare consolidated financial statements that include information about the assets and liabilities of the parent entity and subsidiaries before and after the business combination. With a good understanding of PSAK No. 22 and PSAK No. 65, companies can prepare consolidated financial statements that are accurate and in

				accordance with applicable accounting standards.
12	Analysis of the Application of PSAK 4 Accounting Standards in 1 Disclosure Consolidated Financial Statements	Wanti Indarti, Novia Damayanti, Lia Uzliawati (2024)	Descriptive qualitative	PT Pabrik Kertas Tjiwi Kimia Tbk has met the standards set forth in PSAK 4. The consolidated financial statements presented by PT Pabrik Kertas Tjiwi Kimia Tbk can be considered to meet the accounting requirements and standards applicable in Indonesia.
13	Analysis of PSAK 65 Presentation and Its Relevance to PSAK 22 and PSAK 15 in 1 Financial Statements Consolidation of PT Mulia Industrindo Tbk	Aprilya Retno Sasviranti, Fevinia Ulfada, Fuad Andrian, Endang Kartini Panggiarti (2024)	Descriptive qualitative	Companies in the banking sector demonstrate higher levels of disclosure compliance than other sectors; consolidated disclosure is important for reputation and transparency.
14	Analysis of Differences in the Preparation of Consolidated Financial Statements at 1 Companies in Indonesia with the Convergence of IFRS and PSAK 22	Cinta Nikita Aulia, Devi Mayasari, Ayuni Affina Hernawan, Caroline Sima Br Ginting, Bana Ahmad Gautama (2024)	Descriptive qualitative	IFRS 22 and IFRS 3 differ in several areas, including the presentation of long-term liabilities that must be refinanced, minority interest requirements, disclosures in the statement of financial position, and components of financial statements.
15	Relationship Between PSAK 22 Business Combinations 1 and the Preparation of Consolidated Financial Statements	Tengku Syalia Faradiva, Tia Aryani Sitanggang, Widya Nizrina, Yuli Natalia Simbolon (2024)	Descriptive qualitative	A business combination, which consists of a share purchase and a business merger, can occur when companies join together to form a single company. According to PSAK No. 22, companies that conduct business

				<p>combinations are required to comply with certain requirements and solutions. The Financial Accounting Standards Board (OJK) mandates the preparation of consolidated financial statements, which present data on the financial status and operating performance of the parent company and its subsidiaries as if they were a single business.</p>
16	<p>Implementation of PSAK 65 in Financial Statements</p> <p>1 Consolidation of PT Adhi Karya Tbk and Subsidiaries</p>	<p>Masrukhan, Ilham Maulana Firdaus, Najwa Indriani, Meliana Rizqi (2024)</p>	<p>Descriptive qualitative</p>	<p>PT Adhi Karya Tbk has prepared consolidated financial statements (balance sheet, comprehensive income statement, cash flow statement) in accordance with PSAK 65. This implementation improves the transparency and reliability of financial statements.</p>
17	<p>Implementation of PSAK 65 in Financial Statements</p> <p>1 Consolidation of PT Astra Agro Lestari Tbk and Subsidiaries</p>	<p>Putri Aosiliana, Arlitha Putri Anggraeni, Sherindea Permata Agita (2024)</p>	<p>Descriptive qualitative</p>	<p>PT Astra Agro Lestari Tbk has implemented PSAK 65 as evidenced by transactions during the financial statement consolidation process, whereby all revenues and expenses of a company are compiled into a single combined report called a consolidated report, which contains information about the company's condition as an economic entity within a business group, recognition of the profits of subsidiaries that have been consolidated by the</p>

				parent entity, and Astra Agro's financial statements published on the IDX, which include the consolidated income statement, consolidated balance sheet (financial position), consolidated statement of changes in equity, and consolidated cash flow statement.
18	Prinsip- Prinsip Dasar Konsolidasi Laporan Keuangan pada Perusahaan 1 Grup di Indonesia: Studi Perbandingan Antara PSAK dan IFRS	Raditya Rabert Priatna, Fahri Fakhturohman, M. Masrukhan (2024)	Descriptive qualitative	This study examines the application of basic financial statement consolidation principles in Indonesian group companies, analyzing a sample of PT Indofood Sukses Makmur Tbk. The study found that PT Indofood has applied consolidation principles in accordance with PSAK 65, including the management of assets, liabilities, equity, and disclosure of subsidiaries.
19	The Effect of Accounting Standards on the Quality of 1 Consolidated Reports: A Study of PSAK and IFRS in Group Companies	Fauziah Nur Rahmah, Rival Ramdani, Reza Bahaesti Rosada, M. Masrukhan (2024)	Descriptive qualitative	PSAK places greater emphasis on the parent entity's control over its subsidiaries, while IFRS provides broader guidance on measurement and disclosure.
20	PSAK 22: Implementation of Business Combination Accounting 1 (Case Study of the Merger of PT Indosat Ooredoo Tbk with PT Hutchison 3 Indonesia)	Andriyanto, Fiya Zahrotunnisa, Endang Kartini Panggiarti (2024)	Descriptive qualitative	PT Indosat Ooredoo Hutchison Tbk (Indosat Ooredoo Hutchison) is the result of a business combination in the form of a merger between PT Indosat Ooredoo Tbk. and PT Hutchison 3 Indonesia, which was officially announced on January 4,

				2022. Through a financial performance analysis conducted using ROA, ROE, PER, and NPM , the results show a rapid increase after the merger.
21	In-Depth Review of the Implementation of PSAK 1 22, PSAK 65, and PSAK 4: Implications and Implementation Strategies	Yesica Aurelia Ramadhyani, Maulia Nur Oktavia, Anisa Aulia Putri, Endang Kartini Panggiarti (2024)	Descriptive qualitative	PSAK 22 discusses the accounting treatment of business combinations in the form of acquisitions or mergers, whether through the acquisition of shares or net assets. PSAK 65 regulates consolidation criteria and explains consolidation procedures. Meanwhile, PSAK 4 (revised in 2009) explains consolidated financial statements and separate financial statements.

Discussion

Consolidated financial statements play a central role in depicting the financial position, performance, and cash flows of a business group as a whole, thus serving as an important basis for economic decision-making. Financial statement consolidation is the process of unifying the statements of a parent entity and its subsidiaries so that they can be presented as if they were a single economic entity. In Indonesia, this practice is regulated in Statement of Financial Accounting Standards (PSAK) No. 65 concerning Consolidated Financial Statements, which has been adjusted to the provisions of IFRS 10 Consolidated Financial Statements as part of efforts to converge international accounting standards (Priatna, Fathurrohman, & Masrukhan, 2024).

The implementation of PSAK 65 emphasizes the importance of control as a basis for determining which subsidiaries must be consolidated. With this standard This can provide guidance on identifying subsidiaries, eliminating inter-entity transactions, and presenting non-controlling interests. Various studies have shown that the implementation of PSAK 65 in Indonesian companies has improved the transparency, accuracy, and comparability of consolidated financial statements (Masrukhan et al., 2023; Amalia, Pradipta, & Uzliawati, 2024; Setyaningsih et al., 2025).

However, the implementation of this standard still faces several technical and practical challenges. These include the elimination process for transactions between entities within the group, differences in accounting policies between subsidiaries, and fair value recognition for

investment entities (Setyaningsih et al., 2025). A study of PT Astra International Tbk and PT Mayora Indah Tbk showed that although the implementation of PSAK 65 was in accordance with the standard, system complexity and limited data integration between entities remained obstacles (Amalia et al., 2024; Setyaningsih et al., 2025).

In addition to PSAK 65, the preparation of consolidated financial statements is also closely related to Associated Entities. PSAK 22 regulates how entities report business combinations, including the recognition of goodwill, the measurement of identifiable assets and liabilities, and non-controlling interests (Mutiarra & Putri, 2024; Sitorus et al., 2025). Integration between PSAK 22 and PSAK 65 is essential to create consolidated statements that are relevant, reliable, and compliant with the principles of fair presentation (Indriani et al., 2023; Yahya et al., 2024).

Several case studies of large companies such as PT Telkom Indonesia Tbk, PT Adhi Karya Tbk, and PT Astra Agro Lestari Tbk show that the implementation of PSAK 65 includes the presentation of consolidated statements of financial position, comprehensive income, changes in equity, and cash flows (Rohma & Afendi, 2023; Masrukhan et al., 2023; Aosiliana et al., 2024). However, research also suggests the need for improved technical understanding and internal controls to support reporting (Saputri et al., 2023; Wulan Saputri et al., 2023).

Conclusion and Recommendation

This literature review demonstrates that the implementation of the Statement of Financial Accounting Standards (PSAK), particularly PSAK 65, has significantly improved the quality, transparency, and comparability of consolidated financial statements in Indonesia. The shift from an ownership-based approach to a control-based approach has strengthened the substance-over-form principle in financial reporting and aligned national standards with international practices under IFRS. Empirical findings from various sectors indicate that companies implementing PSAK 65 generally present consolidated statements that better reflect economic reality, including proper recognition of non-controlling interests, elimination of intra-group transactions, and comprehensive disclosure. The integration of PSAK 65 with PSAK 22 and PSAK 15 further supports consistent reporting of business combinations and investments in associates, thereby enhancing the relevance and reliability of consolidated financial information for investors, regulators, and other stakeholders.

Despite these improvements, this study identifies several limitations and ongoing challenges. First, the findings are based solely on secondary data from prior studies, which limits the ability to capture real-time implementation issues and firm-specific conditions. Second, differences in accounting policies among subsidiaries, complexity of group structures, data integration constraints, and limited technical understanding remain key obstacles in practice. These challenges indicate that harmonization across PSAKs has not yet been fully achieved. Future research is encouraged to incorporate empirical methods such as case studies, interviews, or quantitative analysis to assess the effectiveness of PSAK implementation more deeply. Practically, this study implies the need for stronger internal controls, continuous professional training, and improved coordination among group entities to ensure consistent application of consolidation standards. Regulators and standard setters may also consider issuing more detailed technical guidance to support entities in addressing complex consolidation issues and enhancing overall reporting quality.

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