The Implementation Of Accounting For Environmental Liabilities

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ABSTRACT

This study aims to discuss the accounting implementation by the Indonesia companies in recognizing, measuring, presenting, and disclosing environmental liabilities that occur as a result of the company's operations. The analysis is carried out by reviewing disclosures on environmental management activities that have been carried out by the companies, which have financial reports and annual reports. The method used is a descriptive qualitative method using secondary data, financial statements, and annual reports obtained from the official website of the Indonesia Stock Exchange from 2015 to 2017 fiscal years. The samples employed in this study are thirteen food and beverage subsector companies listed on the Indonesia Stock Exchange from 2015 to 2017. The study suggests that from 2015 to 2017, the food and beverage sub-sector companies have not reported any environmental liabilities in the form of social-environmental responsibilities in the financial statements. The companies report their environmental responsibility activities as a company expense reported on the income statement. The accounting for environmental liabilities related to recognition, measurement, recording, disclosure, and reporting has not been regulated in financial accounting standards, so the reporting for environmental liabilities is still voluntary.

Keywords: environmental liabilities, accounting implementation

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INTRODUCTION

The main objective for shareholders in investing the capital in a company is the expectation that the company's management can generate profits as much as possible by spending as little as possible. In attempting to achieve this objective, shareholders give a mandate to managers in creating a company's work plans, one of which is by ignoring the impact arising from the company's operations. As civilization develops, companies are demanded by non-governmental institutions and surrounding communities as a
result of increasing public awareness of their environment (Agustia, 2010). Companies are required to not only prioritize profits without regard to the impact caused by the company on the surrounding environment, including society and the environment. It is the reason why the company's performance measurement starts to pay attention to social and environmental aspects.

The public demand on the company's concern on the environment led to the concept of *Tripple Bottom Line* (TBL), which was first introduced by (Elkington, 1994). According to (Elkington, 1994), TBL encompasses economic prosperity, environmental quality, and social justice. Meanwhile, according to (Felisia & Limijaya, 2014), the concept of TBL is more directed towards the interests of stakeholders rather than shareholders. These interests form three important pillars in measuring performance, namely the sustainability of profit (economy), people (social), and planet (environment). The three pillars are the core of achieving sustainability in the company's business. The measurement of company performance in terms of social and environmental costs can be referred to as Corporate Social Responsibility (CSR). To respond to the demands of society who are increasingly uneasy with the natural environment, the United Nations took steps by entering into the Kyoto Agreement (December 1997). The Kyoto Agreement is an amendment to the Conversion of the United Nations Framework on Climate (UNFCCC). Kyoto Agreement contains statements of commitments of 39 industrialized nations to assist in combating greenhouse gas emissions (GHG).

As a developing country, Indonesia participates in combating GHG emissions by ratifying the Kyoto Agreement through Act No. 17 of 2004 concerning Ratification of the Kyoto Agreement. Furthermore, the Government reviews the company's obligations related to social and environmental responsibility by making regulations that cover overall environmental management not only about managing GHG emissions. This regulation is accommodated in the Act No. 40 of 2007 concerning Limited Liability Companies, which states that social and environmental responsibility is a corporation's liabilities that are budgeted and calculated as the company's operational costs with the implementation that complies with propriety and fairness. The purpose of implementing environmental accounting is to improve the efficiency of environmental management in the company's operations from the perspective of costs and benefits. According to Gray (2001) (Agustia, 2010), one aspect of environmental accounting is accounting for risk and contingent liabilities (environmental liabilities). Environmental liabilities which are classified as contingent liabilities are financial risks as a result of the lack of regulation in the environmental field (Sadjiarto, 2011). The management that has presented environmental factors in the financial statements aims to prevent any propaganda related to the environment.

Currently, the most commonly used guidelines on a global scale in the preparation of reports related to environmental management are the Global Reporting Initiative (GRI) Guidelines with the latest version of G4 (GRI, 2013). Regarding the standards for preparing financial statements, the IASB has not made specific standards regarding environmental accounting (Sadjiarto, 2011). Several standards have been launched by the IASB regarding environmental accounting, for example, IFRIC 3, which discusses 'Emission Rights'. According to Munter *et.al* (1966) in (Sari & Nugroho, 2018), the accounting guidelines and disclosures for environmental liabilities are set in financial accounting standards in the world, namely SFAS No. 5 concerning Contingency Accounting, FASB’s Interpretation No. 14 regarding Estimation of the Amount of Loss
that Can Be Received, and FASB’s Interpretation No. 39 regarding the Off-setting of the Amount associated with certain Contracts. Meanwhile, the standard of financial accounting in Indonesia currently has a common topic of discussion with environmental activities, specifically environmental liabilities, which is PSAK 57 on Provisions, Contingent Liabilities, and Contingent Assets (Sadjiarto, 2011).

The researches that are related to environmental accounting have been done in previous literature. (Agustia, 2010) reviews environmental costs as a management tool in reporting decisions. The study divides environmental costs into four categories, namely waste and emission treatment, prevention, and environmental management, material purchase value of non-product output, and processing costs of non-product output. However, (Agustia, 2010) has not described the risk costs that are included in environmental liabilities. (Taurisianti & Kurniawati, 2016) reviews carbon accounting treatment in Indonesia. The study outlines the alternatives in estimating the recognition and recording of carbon accounting in the forestry sector. However, this research has a limitation that the potential for fraud and the potential burden suffered by the company can not be measured by researchers. The subsequent research was conducted by (Dewi, 2014), which states that there are companies that have not disclosed the availability of provisions in environmental accounting reporting. Some other companies only provide provisions in the notes to the financial statements.

In contrast to previous research, this study reviews the implementation of accounting by companies in recognizing, measuring, presenting, and disclosing environmental liabilities that occur as a result of the company's operations. The objects in this study are the food and beverage sub-sector companies that have been listed on the Indonesia Stock Exchange in the period of 2015 to 2017.

LITERATURE REVIEW

Environmental liability is one of the main concerns in environmental accounting in conducting transparency in environmental management by companies. This liability arises from environmental management activities (Sadjiarto, 2011). This liability must be recognized if there is a high probability that a liability has arisen at the date of financial reporting and there is a reasonable basis for calculating the liability arising as a result of the activities carried out. The number of liabilities must be continuously re-evaluated in relation to an adequate amount at the reporting date. Firoz & Ansari (2010, in (Sadjiarto, 2011)) provides several examples of estimates related to environmental provision, namely cleaning-up costs, clean-up provision for rehabilitation in the mining industry, provision of claims for contingencies, provision for environmental costs such as overcoming air pollution, noise, gas, and hazardous waste; and provisions to purchase equipment to control pollution.

Environmental liabilities are stipulated in PSAK 57 (Ikatan Akuntan Indonesia, 2014) concerning Provisions, Contingent Liabilities, and Contingent Assets. According to PSAK 57, the estimated liability is a liability whose time and the amount is uncertain. Contingent liabilities are potential liabilities arising from past events and certainty on their occurring fully in control of the entity. Contingent liabilities can also be interpreted as current liabilities arising as a result of past events but are not recognized because there is no possibility that an entity will issue resources containing economic benefits or resources to settle its liabilities, or the amount of those liabilities cannot be measured reliably.
According to PSAK 57, estimated liabilities are recognized if the entity has current liabilities as a result of past events with the possibility of liability settlement resulting in an outflow of resources and measurement using reliable estimates. According to PSAK 57 (Ikatan Akuntan Indonesia, 2014), the measurement of liabilities is estimated based on the best estimate of the expenditure required to settle these liabilities at the end of the reporting period. The best estimate is the amount that the entity will rationally pay to settle or transfer its liabilities to a third party at the end of the reporting period. The estimated financial results and impacts are determined by consideration of the entity's management, the experiences regarding similar transactions, and in some cases are supplemented by independent expert reports and additional evidence as reinforcement in considering the existing evidence. In determining the best estimate, an entity must consider various risks and uncertainties that always affect various events and circumstances. Entities must be careful of the elements of uncertainty so that there is no overstatement of income or assets and understatement of expenses or liabilities. The existence of uncertainty also does not mean that it must be used to present excessive liabilities. Entities must also be careful of double counting the risks and uncertainties that result in over-statement of liability. Meanwhile, the GRI Sustainability Reporting Standards (GRI Standards) or GRI Guidelines is a sustainability reporting standard that has been used globally designed for organizations to report on the impact of the organization's operations on the economy, environment and/or society (Global Sustainability Standards Board, 2016). The preparation of standards is a series of interrelated standards that are always developed in assisting organizations that are used together in assisting organizations to prepare sustainability reports that are based on reporting principles and focus on material topics. The GRI standard emerged from the aspirational goal of sustainable development by the World Commission for Environment and Development in 1987 (Global Sustainability Standards Board, 2016). This goal is described as 'development that meets the needs of the present without compromising the ability of future generations to meet their own needs'. The sustainability program as a background for the preparation of GRI Standards is a transparent reporting practice of the organization regarding its economic, environmental, and social impacts. This includes positive or negative contributions by organizations to the goals of sustainable development. The purpose of this standard is designed to improve global comparability and the quality of information about the impacts so as to enable an increase in organizational transparency and accountability.

**RESEARCH METHOD**

This study uses qualitative methods which are carried out with content analysis. The use of content analysis aims to conduct an in-depth discussion of the contents of written information or messages systematically, for further interpretation. Therefore, the content analysis method is a technique to draw a conclusion by identifying the specific characteristics of a message in an objective, systematic, and general way ([www.menulisproposalpenelitian.com](http://www.menulisproposalpenelitian.com)). This research uses secondary data in the form of data of financial statements and annual reports obtained from the official website of Indonesia Stock Exchange through the site pages [www.idx.co.id](http://www.idx.co.id) during the period of 2015 through to the year 2017. This study uses the company's sub-sectors of food and beverages that have been listed on the Indonesia Stock Exchange. The objects used in this study amounted to thirteen companies during the period from 2015 to 2017.
The selection of objects in this study was conducted with the criteria for the availability of annual reports for the period 2015 to 2017, and the company had made an Initial Public Offering before January 1, 2015.

RESULTS AND DISCUSSION

The Implementation of Accounting for Environmental Liabilities at PT Tiga Pilar Sejahtera Food, Tbk. (AISA)

For the period of 2015, the company’s report on environmental management was carried out in accordance with the standards of sustainable reporting as described in the company's 2015 annual report. The company's environmental management activities in the annual report were the management of emissions and waste. The environmental management report had complied with GRI 305 Standard and GRI 306 Standard. However, the company only declared that environmental management activities were included in the expenditure costs only. The company did not declare that something happened that gave rise to environmental liabilities that occurred at the end of 2015 as a result of environmental management activities.

For the period of 2016, the company’s report on environmental management was carried out in accordance with sustainable reporting standards as outlined in the company's 2016 annual report. The company's environmental management activities in the annual report were the management of emissions and waste. The environmental management report had complied with GRI 305 and GRI 306 Standards. However, the company only declared that environmental management activities were included in the expenditure costs only. The company did not declare that something happened that gave rise to environmental liabilities that occurred at the end of 2016 as a result of environmental management activities.

For the period of 2017, the company’s report on environmental management was carried out in accordance with sustainable reporting standards as outlined in the company's 2017 annual report. The company's environmental management activities in the annual report were the management of emissions and waste. The environmental management report had complied with GRI 305 Standard and GRI 306 Standard. However, the company only declared that environmental management activities were included in the expenditure costs only. The company did not declare that something happened that gave rise to environmental liabilities that occurred at the end of 2017 as a result of environmental management activities.

The Implementation of Accounting for Environmental Liabilities at PT Wilmar Cahaya Indonesia, Tbk. (CEKA)

For the period of 2015, the company had not yet prepared a report on environmental management that was in line with sustainable reporting standards as outlined in the company's 2015 annual report. The focus of corporate social responsibility activities that year was to improve the standard of living of the community in the environment around the company. In addition, the company did not declare that something happened that gave rise to environmental liabilities that occurred at the end of 2015.

For the period of 2016, the company’s report on environmental management was carried out in accordance with sustainable reporting standards as outlined in the company's 2016 annual report. The company's environmental management activity in
the annual report was energy management. The environmental management report was in compliance with GRI 302. However, the company only declared that environmental management activities are included in the costs. The company did not declare that something happened that gave rise to environmental liabilities that occurred at the end of 2016 as a result of environmental management activities.

For the period of 2017 the activities carried out on social responsibility again focused only on improving the standard of living of the community like in 2015. This caused the preparation of reports on environmental management had not carried out in accordance with sustainable reporting standards as outlined in the company's annual report for the year of 2017. In addition, the company did not declare that the case raised the environmental liabilities that occurred in late 2017 as a result of environmental management activities.

The Implementation of Accounting for Environmental Liabilities at PT Delta Djakarta, Tbk. (DLTA)

For the period of 2015, the company's report on environmental management was carried out in accordance with the standards of sustainable reporting as outlined in the company's 2015 annual report. The company's environmental management activity in the annual report was water management. The environmental management reports were in accordance with the GRI 303 Standard. However, the company only declared that environmental management activities are included in the costs. The company did not declare that something happened that gave rise to environmental liabilities that occurred at the end of 2015 as a result of environmental management activities.

For the period of 2016, the company's report on environmental management was carried out in accordance with sustainable reporting standards as outlined in the company's 2016 annual report. The company's environmental management activities in the annual report were water, emissions, and waste management. The environmental management report had complied with GRI 303 Standard, GRI 305 Standard, and GRI 306 Standard. However, the company only declared that environmental management activities were included in expenses. The company did not declare that something happened that gave rise to environmental liabilities that occurred at the end of 2016 as a result of environmental management activities.

For the period of 2017, the company's report on environmental management was carried out in accordance with sustainable reporting standards as outlined in the company's 2017 annual report. The company's environmental management activities in the annual report were water, emissions, and waste management. The environmental management report had complied with GRI 303 Standard, GRI 305 Standard, and GRI 306 Standard. However, the company declared that environmental management activities were included in expenses only. The company did not declare that something happened that gave rise to environmental liabilities that occurred at the end of 2017 as a result of environmental management activities.

The Implementation of Accounting for Environmental Liabilities at PT Indofood CBP Sukses Makmur, Tbk. (ICBP)

For the period of 2015, the company's report on environmental management had been carried out in accordance with sustainable reporting standards as outlined in the company's 2015 annual report. The company's environmental management activities in the annual report were the management of energy, water, and waste. The environmental
management report had complied with GRI 302, GRI 303, and GRI 306 Standards. However, the company only declared that environmental management activities are included in expenditure costs only. The company did not declare that something happened that gave rise to environmental liabilities that occurred at the end of 2015 as a result of environmental management activities.

For the period of 2016, the company’s report on environmental management was carried out in accordance with sustainable reporting standards as outlined in the company's 2016 annual report. The environmental management activities of the company in the annual report were the management of energy, water, and waste. The environmental management report had complied with GRI 302, GRI 303, and GRI 306 Standards. However, the company just declared that environmental management activities were included in expenditure costs only. The company did not declare that something happened that gave rise to environmental liabilities that occurred at the end of 2016 as a result of environmental management activities.

For the period of 2017, the company’s report on environmental management was carried out in accordance with sustainable reporting standards as outlined in the company's 2017 annual report. The environmental management activities of the company in the annual report were the management of energy, water, carbon emissions, and waste. The environmental management report had complied with GRI 302 Standard, GRI 303 Standard, GRI 304 Standard, GRI 305 Standard, and GRI 306 Standard. However, the company only declared that environmental management activities were included in the expenditure. The company did not declare that something happened that gave rise to environmental liabilities that occurred at the end of 2017 as a result of environmental management activities.

The Implementation of Accounting for Environmental Liabilities at PT Indofood Sukses Makmur, Tbk. (INDF)

For the period of 2015, the company’s report on environmental management was carried out in accordance with sustainable reporting standards as outlined in the company's annual report in 2015. The company's environmental management activities in the annual report were the management of energy, water, biodiversity, emissions, and waste. The environmental management report had complied with GRI 302 Standard, GRI 303 Standard, GRI 304 Standard, GRI 305 Standard, and GRI 306 Standard. However, the company only declared that environmental management activities were included in expenses. The company did not declare that something happened that gave rise to environmental liabilities that occurred at the end of 2015 as a result of environmental management activities.

For the period of 2016, the company’s report on environmental management was carried out in accordance with sustainable reporting standards as outlined in the company's 2016 annual report. The company's environmental management activities in the annual report were the management of energy, water, biodiversity, emissions, and waste. The environmental management report had complied with GRI 302 Standard, GRI 303 Standard, GRI 304 Standard, GRI 305 Standard, and GRI 306 Standard. However, the company only declared that environmental management activities were included in expenses. The company did not declare that something happened that gave rise to environmental liabilities that occurred at the end of 2016 as a result of environmental management activities.
For the period of 2017, the company’s report on environmental management was carried out in accordance with sustainable reporting standards as outlined in the company's 2017 annual report. The company's environmental management activities in the annual report were the management of energy, water, biodiversity, emissions, and waste. The environmental management report had complied with GRI 302 Standard, GRI 303 Standard, GRI 304 Standard, GRI 305 Standard, and GRI 306 Standard. However, the company only declared that environmental management activities were included in the expenses. The company did not declare that something happened that gave rise to environmental liabilities that occurred at the end of 2017 as a result of environmental management activities.

**The Implementation of Accounting for Environmental Liabilities at PT Multi Bintang Indonesia, Tbk. (MLBI)**

For the period of 2015, the company’s report on environmental management was carried out in accordance with sustainable reporting standards as outlined in the company's 2015 annual report. The company's environmental management activities in the annual report were water and emissions management. The environmental management report had complied with GRI 303 and GRI 305 Standards. However, the company only declared that environmental management activities are included in the expenditures. The company did not declare that something happened that gave rise to environmental liabilities that occurred at the end of 2015 as a result of environmental management activities.

For the period of 2016, the company’s report on environmental management was carried out in accordance with the standards of sustainable reporting as outlined in the company's 2016 annual report. The company's environmental management activities in the annual report were water and emissions management. The environmental management report had complied with GRI 303 and GRI 305 Standards. However, the company only declared that environmental management activities are included in the expenses. The company did not declare that something happened that gave rise to environmental liabilities that occurred at the end of 2016 as a result of environmental management activities.

For the period of 2017, a report on the environmental management of the company had conducted in accordance with the sustainability reporting standards as described in the company's 2017 annual report. The company's environmental management activities in the annual report were the management of water and emissions. The environmental management report had complied with GRI 303 and GRI 305 Standards. However, the company only declared that environmental management activities are included in the expenses. The company did not declare that something happened that gave rise to environmental liabilities that occurred at the end of 2017 as a result of environmental management activities.

**The Implementation of Accounting for Environmental Liabilities at PT Mayora Indah, Tbk. (MYOR)**

For the period of 2015, the company’s report on environmental management was carried out in accordance with sustainable reporting standards as outlined in the company's 2015 annual report. The company's environmental management activity in the annual report was waste management. The environmental management report was in accordance with GRI 306. However, the company only declared that environmental
management activities were included in expenditure costs only. The company did not declare that something happened that gave rise to environmental liabilities that occurred at the end of 2015 as a result of environmental management activities.

For the period of 2016, the company’s report on environmental management was carried out in accordance with sustainable reporting standards as outlined in the company's 2016 annual report. The company's environmental management activities in the annual report were energy and waste management. The environmental management report had complied with GRI 302 and GRI 306 Standards. However, the company only declared that environmental management activities are included in the expenses. The company did not declare that something happened that gave rise to environmental liabilities that occurred at the end of 2016 as a result of environmental management activities.

For the period of 2017, the company’s report on environmental management was carried out in accordance with sustainable reporting standards as outlined in the company's 2017 annual report. The company's environmental management activities in the annual report were energy and waste management. The environmental management report had complied with GRI 302 Standard and GRI 306 Standard. However, the company only declared that environmental management activities are included in the expenditures. The company did not declare that something happened that gave rise to environmental liabilities that occurred at the end of 2017 as a result of environmental management activities.

The Implementation of Accounting for Environmental Liabilities at PT Prasidha Aneka Niaga, Tbk. (PSDN)

For the period of 2015, the company’s report on environmental management was carried out in accordance with sustainable reporting standards as outlined in the company's 2015 annual report. The company's environmental management activity in the annual report was waste management. The environmental management report was in accordance with GRI 306. However, the company only declared that environmental management activities are included in expenditure costs only. The company did not declare that something happened that gave rise to environmental liabilities that occurred at the end of 2015 as a result of environmental management activities.

For the period of 2016, the company’s report on environmental management was carried out in accordance with the sustainable reporting standards as outlined in the company's 2016 annual report. The company's environmental management activity in the annual report was waste management. The environmental management report had complied with GRI Standard 306. However, the company only declared that environmental management activities were included in expenses. The company did not declare that something happened that gave rise to environmental liabilities that occurred at the end of 2016 as a result of environmental management activities.

For the period of 2017, the company’s report on environmental management was carried out in accordance with sustainable reporting standards as outlined in the company's 2017 annual report. The company's environmental management activity in the annual report was waste management. The environmental management report had complied with GRI Standard 306. However, the company only declared that environmental management activities are included in the expenses. The company did not declare that something happened that gave rise to environmental liabilities that occurred at the end of 2017 as a result of environmental management activities.
The Implementation of Accounting for Environmental Liabilities at PT Nippon Indosari Corpindo, Tbk. (BREAD)

For the period of 2015, the company’s report on environmental management was carried out in accordance with the standards of sustainable reporting as outlined in the company's 2015 annual report. The company's environmental management activity in the annual report was waste management. The environmental management report was in accordance with GRI 306. However, the company only declared that environmental management activities are included in the expenditure costs only. The company did not declare that something happened that gave rise to environmental liabilities that occurred at the end of 2015 as a result of environmental management activities.

For the period of 2016, the company’s report on environmental management was carried out in accordance with the standards of sustainable reporting as outlined in the company's 2016 annual report. The company's environmental management activity in the annual report was waste management. The environmental management report had complied with GRI Standard 306. However, the company only declared that environmental management activities are included in the expenses. The company did not declare that something happened that gave rise to environmental liabilities that occurred at the end of 2016 as a result of environmental management activities.

For the period of 2017, something similar happened with the previous year. The company's report on environmental management was carried out in accordance with sustainable reporting standards. The company's environmental management activity in the annual report was waste management. The environmental management report had complied with GRI 306 Standard. However, the company only declared that environmental management activities are included in the expenses. The company did not declare that something happened that gave rise to environmental liabilities that occurred at the end of 2017 as a result of environmental management activities.

The Implementation of Accounting for Environmental Liabilities at PT Sekar Bumi, Tbk. (SKBM)

For the period of 2015, the company’s report on environmental management was not carried out in accordance with sustainable reporting standards. The company's environmental management that had been outlined in the annual report is not a follow-up to the impacts caused by the company's operations. The company only declared that environmental management that had been carried out was included in the cost of expenditure only. The company did not declare that something happened that gave rise to environmental liabilities that occurred at the end of 2015.

For the period of 2016, the company’s report on environmental management was not in accordance with sustainable reporting standards. The management of the company environment that had been outlined in the annual report was not the focus of CSR. The company declared that the cost of social responsibility that had been carried out in the form of gifts to the community. However, the company did not declare that something happened that gave rise to environmental liabilities that occurred at the end of 2016.

For the period of 2017 something, similar happened with the previous year. The company’s report on environmental management was not in accordance with sustainable reporting standards. The management of the company environment that had been outlined in the annual report was not the focus of the company in carrying out CSR. The company declared that the cost of social responsibility had been carried out in
the form of gifts to the community. The company did not declare that something happened that gave rise to environmental liabilities that occurred at the end of 2017.

**The Implementation of Accounting for Environmental Liabilities at PT Sekar Laut, Tbk. (SKLT)**

For the period of 2015, the company’s report on environmental management was carried out in accordance with sustainable reporting standards as outlined in the company's 2015 annual report. The company's environmental management activity in the annual report was waste management. The environmental management report was in accordance with GRI 306. However, the company only declared that environmental management activities were included in the expenditure costs only. The company did not declare that something happened that gave rise to environmental liabilities that occurred at the end of 2015 as a result of environmental management activities.

For the period of 2016, the company’s report on environmental management was carried out in accordance with the sustainable reporting standards as outlined in the company's 2016 annual report. The company's environmental management activity in the annual report was waste management. The environmental management report had complied with GRI Standard 306. However, the company only declared that environmental management activities were included in the expenses. The company did not declare that something happened that gave rise to environmental liabilities that occurred at the end of 2016 as a result of environmental management activities.

For the period of 2017, the company’s report on environmental management was carried out in accordance with sustainable reporting standards as outlined in the company's 2017 annual report. The company's environmental management activity in the annual report was waste management. The environmental management report had complied with GRI 306 Standard. However, the company declared that only environmental management activities were included in the expenditures. The company did not declare that something happened that gave rise to environmental liabilities that occurred at the end of 2017 as a result of environmental management activities.

**The Implementation of Accounting for Environmental Liabilities at PT Siantar Top, Tbk. (STTP)**

For the period of 2015 to 2017, the company’s reports on environmental management were not in accordance with sustainable reporting standards. This occurred because the focus of corporate social responsibility did not include management of the environment. The company also did not declare that something happened that gave rise to environmental liabilities that occurred at the end of 2015 to 2017.

**The Implementation of Accounting for Environmental Liabilities at PT Ultra Jaya Milk Industry & Trading Company, Tbk. (ULTJ)**

For the period of 2015, the company’s reports on environmental management were carried out in accordance with sustainable reporting standards as outlined in the company's annual report in 2015. The company's environmental management activity in the annual report was waste management. The environmental management report was in accordance with GRI 306. However, the company declared that only environmental management activities are included in expenditure costs.
The company did not declare that something happened that gave rise to environmental liabilities that occurred at the end of 2015 as a result of environmental management activities. For the period of 2016, the company’s report on environmental management was carried out in accordance with the sustainable reporting standards as outlined in the company's 2016 annual report. The company's environmental management activity in the annual report is waste management. The environmental management report had complied with GRI Standard 306. However, the company declared that only environmental management activities are included in the expenses. The company did not declare that something happened that gave rise to environmental liabilities that occurred at the end of 2016 as a result of environmental management activities. For the period of 2017, the company’s report on environmental management was carried out in accordance with sustainable reporting standards as outlined in the company's 2017 annual report. The company's environmental management activity in the annual report was waste management. The environmental management report had complied with GRI Standard 306. However, the company declared that only environmental management activities are included in the expenses. The company did not declare that something happened that gave rise to environmental liabilities that occurred at the end of 2017 as a result of environmental management activities.

**CONCLUSION**

Based on the analysis and discussion above, this study indicates that for the fiscal period of 2015, there are ten companies that have compiled the reports on the activities of environmental responsibility on the operational impacts. For the period between 2016 and 2017, there are eleven companies that have compiled the reports on environmental responsibility activities for operational impacts. The companies that have not compiled the reports on environmental responsibility activities are PT Wilmar Cahaya Indonesia Tbk., PT Sekar Bumi Tbk., and PT Siantar Top Tbk. Each of these companies has a focus on social responsibility activities other than environmental management. In 2015 PT Wilmar Cahaya Indonesia Tbk. Revealed that the implementation of social responsibility focused on improving the standard of living of people in the surrounding environment. From 2016 to 2017, the company has reported on corporate social responsibility regarding environmental management activities. Throughout 2015 to 2017, PT Sekar Bumi, Tbk. Revealed that the focus of social responsibility activities is was the form of creating conditions of sustainability for the surrounding community. This was realized by providing assistance to the community in the form of scholarships and donations to schools, mosques, and foundations in the vicinity. Throughout 2015 to 2017, PT Siantar Top, Tbk. Revealed that the focus of social responsibility activities was in the form of activities that bring contributions to the public. The various activities that were carried out are not even measured in detail and recorded. Overall, throughout 2015 until 2017, the companies in this study have not reported any environmental liabilities in the environmental, social responsibilities that have been carried out. The companies only reported the activities for their environmental responsibilities as expenses which are classified as company expenses reported on the income statement. The implementation of accounting for environmental liabilities does not yet have standards governing the recognition, measurement, recording, disclosure,
and reporting of these accounts. This does not only happen to Indonesia, the IASB as a compiler of international accounting standards does not yet have standards that specifically regulate environmental accounting, specifically environmental liabilities. The compilation of reports on corporate environmental responsibility activities has been carried out limited to qualitative reporting, namely the translation of activities during the year. The preparation of reports on these activities has not been directed towards the preparation of quantitative reports so that reporting of environmental liabilities is still voluntary. The Government, as the regulator, also plays an important role in the emergence of environmental liabilities. The existing regulations still do not have strong sanctions for violations committed by companies. This results in a low probability of environmental liabilities arising from the company's operational activities which have an impact on the environment. Therefore, the Government needs to coordinate with the (Ikatan Akuntan Indonesia, 2014) as the compiler of Financial Accounting Standards in Indonesia and the National Center for Sustainability Reporting, which develops sustainability reports.

For further research, it is needed to examine the disclosure of environmental liabilities for other sub-sector companies to compare the results.

REFERENCES


