

Evaluation of Recognition, Measurement, and Presentation of Financial Statements of PT Dinamik Prima Persada According to Statement of Financial Accounting Standards 1



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ABSTRACT: This study aims to identify and evaluate the recognition, measurement, and presentation of the financial statements of PT. Dinamik Prima Persada by Statement of Financial Accounting Standards 1. This type of research is a case study; descriptive analysis is used. Data collection techniques in this study were interviews and documentation methods. The validity of the data was tested by the triangulation method. The results of this study indicate the concept of recognition and measurement of PT. Prima Persada Dinamik is in accordance with Statement of Financial Accounting Standards 1. The concept of a presentation at PT. Prima Persada's dynamics are not in accordance with Statement of Financial Accounting Standards 1. Financial reports of PT. Prima Persada's dynamics only consist of a statement of financial position and an income statement, so it still needs to be completed.

KEYWORDS: Recognition, Measurement, Presentation, Statement of Financial Accounting Standards 1, and Financial Statements

I. INTRODUCTION

The Statement of Financial Accounting Standards is a guideline for accounting practices which include processing, recording, preparing, and presenting financial reports [1]. Statement of Financial Accounting Standards 1 is an accounting standard used as a guide for accountants in the preparation and presentation of financial statements in Indonesia so; that the Statement of Financial Accounting Standards 1 becomes the basis of all the requirements that help to present financial statements for general purposes, outlines its structural guidelines, and establishes basic minimum requirements for content and disclosure [1]. The purpose of Statement of Financial Accounting Standards 1 is to ensure comparable information by presenting the entity's financial statements of the previous period and by presenting the financial statements of other entities [2].

The Statement of Financial Accounting Standards 1 regarding the presentation of financial statements regulates the requirements regarding the presentation of financial statements, the structure of financial reports, and the minimum requirements for the contents of financial reports, consisting of several components of complete financial statements starting from the statement of financial position at the end of the period to the statement of financial position at the beginning of the period. Complete financial reports consist of balance sheets, profit and loss reports, cash flow reports, reports on changes in capital, and notes to financial statements [3]. Framework for Statement of Financial Accounting Standards 1 formulates the concepts underlying the preparation and presentation of financial reports for external and internal users. The general characteristics that financial reports must have include fair presentation and following financial accounting standards, Along with the development of the business world, companies are certainly required to present complete and structured financial reports in accordance with reporting standards. However, there are still several companies that have not presented financial reports based on standards, such as PT Dinamik Prima Persada. The financial statements prepared by PT Dinamik Prima Persada are not fully based on the accounting standards and principles used. For companies that present financial reports that are not in accordance with applicable standards and principles, the level of credibility and relevance can be questioned. Financial reports that are not up to standard can reduce the level of company efficiency due to the lack of detailed information contained in these financial reports. Almost all companies include Statement of Financial Accounting Standards 1 in its financial reports to ensure that the company's financial statements are clear and detailed and that there are no misleading financial reports. However, PT Dinamik Prima Persada has not implemented Statement of Financial Accounting Standards 1 in full, so the financial statements presented are still in a simple form, and the contents are not in accordance with applicable standards.

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Based on this phenomenon, research related to the application of Statement of Financial Accounting Standards 1 on the financial statements states that the company's financial statements presented is not fully in accordance with the Statement of Financial Accounting Standards 1. Based on this, this study aims to identify and evaluate the recognition, measurement, and presentation of the financial statements of PT. Dinamik Prima Persada in accordance with Statement of Financial Accounting Standards 1 [9].

II. LITERATURE REVIEW

Stewardship Theory is a theory that describes a situation where managers are not motivated by individual goals but instead focus on the main outcome goals for the benefit of the organization, so that stewardship theory has a psychological and social foundation that has been designed where executive management as stewards are motivated to act on the wishes of principals, besides The steward's behavior will not leave the organization because stewards are trying to achieve the goals of the organization [4].

Financial reports are reports that show information related to the current condition of a company, which is usually presented in each accounting period [5]. Financial statements are a benchmark to see the condition of a company and whether the company can be said to be healthy or not. Another definition of financial statements is the accountability report of managers or company leaders for the management of the company entrusted to them, to stakeholders of the company: namely company owners, government, creditors, and other interested parties [5].

Statement of Financial Accounting Standards 1 is an accounting standard used as a guide for accountants in preparing and presenting financial reports in Indonesia. These financial statements form the basis for presenting general purpose financial statements so that they can be compared with the financial statements of the previous period and the financial statements of other companies. This statement regulates the requirements for presenting financial statements, the structure of financial reports, and the minimum requirements for the contents of financial reports [6].

Recognition of elements of financial statements is a process of forming items that meet the elements and recognition criteria contained in the statements of financial position and profit and loss. Recognition is made by stating the item both in words and in the amount of money and including it in the balance sheet or income statement. The criteria for meeting an event for recognition are that it is probable that the economic benefits associated with the event or events will flow around the reporting entity concerned and the event has a value or cost that can be measured reliably [9].

Measurement is a process of determining the amount of money to recognize and include each element in the financial statements. Measurement of items in the financial statements using historical cost. Assets are recorded at the expenditure/use of economic resources or at the fair value of the consideration given to acquire these assets. Liabilities are recorded at the fair value of the economic resources used by the government to fulfill the related obligations. Measurement of financial statement items using the rupiah currency, if the transaction is made in foreign currency, it is required to convert first and be expressed in rupiah currency [1].

III. METHOD

The research method used in this study is descriptive qualitative, namely a method that describes, compares data, circumstances, and explains a situation in such a way that a conclusion can be drawn [7]. The type of this research is descriptive research, and descriptive research aims to explain a certain social condition. If done properly and measurably (empirically), descriptive research will be able to eliminate speculation and judgments that arise only because of mere impressions [8].

This study aims to discuss problem solving for a comparative evaluation of the application of Financial Accounting Standards 1 regarding the presentation of financial statements at PT. Prima Persada Dynamics. The descriptive method uses three stages, namely reducing, presenting, and concluding. Data reduction is an analytical technique that sharpens, classifies, directs, discards unnecessary and organizes data in such a way that final conclusions can be drawn.

IV. RESEARCH RESULT

4.1 Identification of Research Findings

PT. Dinamik Prima Persada does not have a separate financial reporting standard that regulates the preparation of financial reports. The company's financial statements are prepared by external accounting services by following the standard format for preparing financial reports made for companies of the PT type. The purpose of the company in compiling financial reports is to provide information regarding the financial position and performance of users of financial reports, namely the main director, supervisor, and payroll admin. This information is then used by related parties to help make decisions about future company

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policies. The purpose of preparing other financial statements is to fulfill corporate tax purposes, namely as a basis for imposing taxes that must be paid.

The company presents financial statements using the accrual basis. This is evidenced by the existence of an internal salary recap book, invoice recap book, income recap book, and external debt recap book in a certain period, but the company PT. Dinamik Prima Persada does not carry out the recording process as usual. Companies do not keep transaction journals. According to information from the payroll admin section, recording is done with a special journal system. Revenues and expenses of the company are recognized and recorded when the income or expenses are incurred, not when cash is received or disbursed. The preparation of financial statements is carried out periodically every year consistently.

PT. Dinamik Prima Persada does not have specific standards governing the preparation of balance sheets. Items in the balance sheet are prepared based on simple accounting principles and in accordance with the company's needs in fulfilling its tax obligations. The company's balance sheet has included the name of the reporting entity and the reporting period. The items presented in the company's balance sheet include (1) Current Assets, grouped in the same way as Classifying Current Assets in general accounting reporting, in the form of Cash, Bank, and Accounts Receivable accounts. The nominal amount is obtained and adjusted to what is in the invoice book and work contract records with the client; (2) Fixed Assets, grouped the same as grouping Fixed Assets which is done in general accounting reporting, in the form of Office Equipment accounts, Equipment Depreciation Accumulation. The nominal amount and details are obtained from the office equipment record book; (3) Liabilities, grouped the same as grouping Liabilities carried out in general accounting reporting, in the form of accounts payable taxes, VAT payable, and accrued expenses. The nominal amount of VAT payable is obtained and adjusted to what is in the invoice book and the client's work contract records. The nominal amount of Tax Payable and VAT Payable is obtained from the work contract records and tax calculations after compiling the total number of work contract records and invoice books; (4) Equity, grouped based on data that has been compiled from previous years, in the form of Last Year's Profit and Current Year's Profit accounts. Grouped the same as classifying Liabilities carried out in general accounting reporting, in the form of accounts Payable Taxes, VAT Payables, and Accrued Expenses. The nominal amount of VAT payable is obtained and adjusted to what is in the invoice book and the client's work contract records. The nominal amount of Tax Payable and VAT Payable is obtained from the work contract records and tax calculations after compiling the total number of work contract records and invoice books; (4) Equity, grouped based on data that has been compiled from previous years, in the form of Last Year's Profit and Current Year's Profit accounts. Grouped the same as classifying Liabilities carried out in general accounting reporting, in the form of accounts Payable Taxes, VAT Payables, and Accrued Expenses. The nominal amount of VAT payable is obtained and adjusted to what is in the invoice book and the client's work contract records. The nominal amount of Tax Payable and VAT Payable is obtained from the work contract records and tax calculations after compiling the total number of work contract records and invoice books; (4) Equity, grouped based on data that has been compiled from previous years, in the form of Last Year's Profit and Current Year's Profit accounts. The nominal amount of Tax Payable and VAT Payable is obtained from the work contract records and tax calculations after compiling the total number of work contract records and invoice books; (4) Equity, grouped based on data that has been compiled from previous years, in the form of Last Year's Profit and Current Year's Profit accounts.

The company does not have specific standards governing the preparation of income statements. The accounts in the income statement are prepared based on simple accounting principles and in accordance with the company's needs to fulfill its tax obligations. The company's income statement includes the name of the reporting entity and the reporting period. The items presented in the income statement of PT. Prima Persada's dynamics include (1) Income, grouped in the same way as grouping income in general accounting reporting, consisting of Outsourcing Service Revenue and Outsourcing Employee Wage Costs. The nominal amount of Outsourcing Service Revenue is obtained from invoice books and client work contract records, while Employee Wages Costs are obtained from invoice books and external debt books. Since most of the revenue comes from outsourcing activities and is the main source of income, and has the most transactions, therefore the total revenue from other services is combined in one Outsourcing Services Revenue account. The same thing is also done for the Outsourcing Employee Wage Expenses account, which is a combination of the wage costs of employees in other services and outsourcing services. This is done to simplify the process of financial reporting and the time needed to prepare financial reports; (2) Gross Profit, which is the result of subtracting the Outsourcing Service Revenue account from the Outsourcing Employee Wage Cost account; (3) General Business Expenses, grouped the same as classifying General Business Expenses which are carried out in general accounting reports, consisting of Employee Salary Costs, Employee Social Security Costs, Water and electricity costs, equipment

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depreciation costs, telephone and fax costs, stationery costs, stamp and postal fees, transportation costs, advertising costs, entertainment costs, office rental costs, employee uniform costs, other costs. The nominal amount of Employee Salary Expenses is obtained from the employee salary recap record book for Water and Electricity Costs and Telephone and Fax Costs from selected notes from payment transactions that usually occur, which are paid through ATMs, then Office Stationery, Stamp and Post Fees, Transportation Expenses, Expenses Advertisements, Entertainment Expenses, and Rental Expenses are recorded based on the treasurer's records at the company; (4) Profit Before Tax, is the result of reducing Gross Profit with General Business Costs; (5) Income Tax, which is the result of calculating Tax from the income of 2% and Input VAT on service income. The tax rates used are in accordance with those in the tax regulations. Calculations are prepared based on data in work contract records and invoice books; (6) Profit (Loss) After Tax is the result of reducing Profit Before Tax with Income Tax.

PT. Dinamik Prima Persada does not make cash flow reports. This is due to the opinion of the company's management that the company does not need to make a cash flow statement because the cash flow statement does not affect the company's tax base. PT. Dinamik Prima Persada does not make a report on changes in equity, so there is no disclosure regarding the company's shares and their proportion of ownership. One of the equity elements of PT. Prima Persada's dynamics are in the post of changes in retained earnings originating from the profit or loss for the current period and the profit or loss for the previous period. This is immediately disclosed in the equity section of the balance sheet. PT. Dinamik Prima Persada does not make notes on financial reports. This is because the disclosures made by the company are not in the form of notes to financial statements.

V. DISCUSSION

Implementation evaluation Financial Accounting Standard 1 is carried out by making a comparison of the suitability of the content and the financial statements presented. This comparison concept has three assessments. First, if the concept has been implemented in accordance with Financial Accounting Standards 1, it will be given the information "according." Second, if the practice adopted by PT. Prima Persada's dynamics are not in accordance with the concept of Financial Accounting Standard 1, and it will be given the statement "not appropriate". Third, if there is an incomplete concept of Financial Accounting Standard 1 applied by PT. Prima Persada Dynamics will be given the statement "not yet fully implemented". The characteristics of the general requirements for financial statements include several aspects, namely:

- (a) Fair presentation and compliance with International Financial Reporting Standards, based on Financial Accounting Standard 1, fair presentation of financial statements required an honest presentation of all financial transaction events in accordance with the provisions for the presentation of financial statements. PT. Dinamik Prima Persada which contains information on the financial position and financial performance of entities that have been prepared fairly and honestly. This is evidenced by the reports that have been prepared in accordance with the information obtained from the company's management in the form of notes and interviews. The impact of transactions, other events, and conditions of the company complies with the definitions and criteria for recognizing assets, liabilities, and income and expenses set forth in the Framework for the Preparation and Presentation of Financial Statements, although there is no written statement regarding the definitions and criteria for assets, liabilities, income, and burden.
- (b) Going Concern, the characteristics of the subsequent presentation of the financial statements according to Financial Accounting Standard 1 must be based on the going concern assumption. PT. Prima Persada's dynamics are structured based on the assumption of business continuity, namely believing that the company will not go bankrupt and liquidate. This is evidenced by the company's profits which continue to increase, and the cash obtained by the company can still be used and easily accessed to meet financing and pay off company debts, and there are no strong factors and reasons presented by management that will cause the company to go bankrupt or liquidate.
- (c) Accrual Basis, Financial Accounting Standard 1 regulates the use of methods in presenting financial statements that must use the accrual basis. PT. Prima Persada's dynamics are prepared on an accrual basis. This is evidenced by the existence of internal payroll recap books, invoice recap books, income recap books, and detailed external debt recap books for a certain period, but the company does not keep records as usual. Companies do not keep transaction journals but record financial events in a notebook. According to information from the payroll admin, recording is done with a special journal system. Revenues and expenses of the company are recognized and recorded when the income or expenses are incurred, not when cash is received or disbursed.
- (d) Materiality and Merger, PT. Dinamik Prima Persada does not have any special transactions that require material-specific disclosures required by Financial Accounting Standard 1. The methods and estimates used are also based on consistent historical experience. Thus, the company does not need to merge other posts.

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- (e) Offsetting, based on internal characteristics Financial Accounting Standard 1, entities may not offset assets and liabilities or income and expenses unless required or permitted by a Financial Accounting Standard 1. PT. Dinamik Prima Persada does not perform offsetting of assets and liabilities or income and expenses and does not have accounts that can perform offsetting as required or permitted by a Financial Accounting Standard. This is evidenced by the company's record books regarding assets, liabilities, income, and expenses, which clearly record evidence of the occurrence of transactions related to these accounts, in presenting the statement of financial position and income statement PT. Dinamik Prima Persada also does not offset assets and liabilities or income and expenses.
- (f) Reporting Frequency, Financial Accounting Standard 1 regulates the frequency of reporting for each business entity. Every business entity must perform financial reporting in a complete and timely manner. PT. Dinamik Prima Persada has presented financial reports consistently every year, which are prepared and reported to company officials and government tax agencies every December 31 and present additional information in separate financial reports or in the notes to financial statements;
- (g) Comparative Information, the minimum required comparative information Financial Accounting Standard 1, namely the entity presents financial statements that have comparative information related to the closest previous period for all information reported in the current period. PT. Dinamik Prima Persada did not meet the minimum comparative information requirements because the company did not present comparative information on the previous period's financial statements because the company's management stated that it was not necessary to do so, because the format of the financial statements presented was considered sufficient in accordance with generally accepted accounting standards;
- (h) Consistency of Presentation, Financial Accounting Standard 1 regulates the presentation and classification of financial statement items between periods to be carried out consistently, unless there is a significant change in the nature of the entity's operations or a review of the financial statements and the change is required by a Financial Accounting Standard. Presentation and classification of items in the financial statements of PT. Prima Persada's dynamics between periods have been carried out consistently, this can be seen from the absence of changes in the method of recording and the method of presenting the classification of items contained in the financial statements.

Financial Accounting Standard 1 regulates the recognition and measurement that should be implemented by the company. Measurement and recognition in Financial Accounting Standards 1 are carried out by recording events that occur and these events have a value or cost that flows around the reporting entity concerned. PT. Prima Persada's dynamics in recognition and measurement use the accrual basis method, which means the company keeps a record of when the event occurs. This can be proven through internal salary recapitulation, invoice recapitulation, income book recapitulation, and detailed external debt recapitulation in one period stated in book form. Based on this, this study provides results in the form of PT. Prima Persada's dynamics in the concept of recognition and measurement are in accordance with Financial Accounting Standards 1.

The report on the financial position of PT Dinamik Prima Persada is not considered to have fully implemented Financial Accounting Standard 1, because the financial statements of PT. Prima Persada dynamics has found a grouping of current assets and non-current assets. The classification of current assets and non-current assets by the company is in accordance with what is regulated in Financial Accounting Standard 1. Meanwhile, in the Liabilities section, even though the company does not have long-term liabilities, the company should still provide short-term liabilities in accordance with the provisions of Financial Accounting Standards. Then, in the Equity section, the company does not group last year's and current year's profit accounts into one account, namely retained earnings. This is because according to the Financial Accounting Standards, the calculation of the increase or decrease in equity has been detailed in the report on changes in equity. The use of terms such as balance sheet, assets, and obligations is presented in the financial statements of PT. It is also necessary to pay attention to the Prima Persada dynamics because the terms used still follow the old Financial Accounting Standard 1; these terms must be changed to statements of financial position, assets, and liquidity. Statement of profit or loss and other comprehensive income of PT. Dinamik Prima Persada is considered not to have fully implemented Financial Accounting Standard 1. This is due to the preparation of the income statement of PT. Prima Persada Dinamik is in accordance with the structure and contents of the income statement required by Financial Accounting Standard 1. However, the company does not prepare other comprehensive income statements because the company has no transactions related to comprehensive income. Presentation on the revenue share post of PT. Dinamik Prima persada has an Outsourcing service revenue account, in this post, the income should be divided into three accounts according to the type of services produced by the company. The same thing should also be applied to employee expense accounts so that the financial statements presented are more detailed according to the type of services produced. Report on changes in equity of PT. Prima Persada's dynamics are considered not in accordance with Financial Accounting Standards 1. This is because of PT. Dinamik Prima Persada does not present/make a report on changes in equity, so there is no disclosure regarding the company's shares and the proportion of share ownership. One of the equity elements of PT. Prima Persada Dynamics, i.e., the change in retained earnings from the profit or loss for the current period and the profit or loss for the previous period, which is directly disclosed in the equity section of the balance sheet. PT. Prima Persada's dynamics are considered not in accordance with Financial Accounting Standards 1. This is because of PT. Dinamik Prima Persada does not

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present/create cash flow reports. According to management, it is considered that the company does not need to make cash flow reports because cash flow reports are not required in reporting corporate taxation. The company also did not carry out investment and funding activities in the 2020-2021 period. It is considered that the company does not need to make a cash flow statement because a cash flow report is not needed in corporate tax reporting. The company also did not carry out investment and funding activities in the 2020-2021 period. It is considered that the company does not need to make a cash flow statement because a cash flow report is not needed in corporate tax reporting. The company also did not carry out investment and funding activities in the 2020-2021 period.

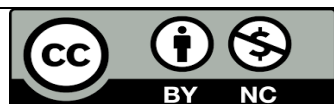
Notes on the financial statements of PT. Prima Persada's dynamics were deemed inappropriate Financial Accounting Standard 1. This is because of PT. Dinamik Prima Persada does not present/make notes on financial statements. The company does not make notes on financial statements because disclosure of the company's financial statements is carried out through meetings held by management every month to find out and control the company's financial condition. All policies regarding financial reporting are also not contained in a written document.

VI. CONCLUSION

Based on the research and evaluation that has been described, it can be concluded that PT. Dinamik Prima Persada uses the recognition and measurement method using the accrual basis method, this is evidenced by the recapitulation of invoices, internal salaries, recapitulation of income books, and detailed debt recapitulation. Presentation of financial statements of PT. Prima Persada's dynamics are still simple and only consist of a statement of financial position and an income statement, so there are presentations and disclosures that are not implemented by PT. Prima Persada Dynamics; Accounting recognition and measurement carried out by PT. Prima Persada Dinamik is in accordance with Financial Accounting Standards 1, whereas in terms of presentation and disclosure of financial statements at PT. Prima Persada's dynamics are not in accordance with Financial Accounting Standards 1.

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