

Implementation of Accrual Based Accounting at PMI City of Surakarta

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Abstract:

Community organizations, non-profit organizations must be responsible for all operational activities of the organization. This includes financial accountability to the public. Accrual basis accounting method financial statements are more recommended than cash basis accounting. Purpose: to find out the implementation of accrual basis accounting at PMI Surakarta and its benefits. Method: This research is a qualitative descriptive study with data collection, data observation with in-depth interviews and documentation and field studies at PMI Surakarta City during the implementation of accrual basis accounting in January - June 2022. Results: There are changes in financial performance from the process of implementing cash basis accounting to accrual basis. Changes in the fundamental accounting process in the accounts of income, expenses, expenses. For example, depreciation costs, accumulated depreciation, consumable costs, logistics inventory stock, old-age insurance costs, holiday allowance costs have changed more with the application of this accrual basis by recording according to their historical value. This change is influenced by the process of recognizing revenues, expenses and expenditures, the process of recording assets and liabilities as well as measuring the historical value of financial transactions that occur. Conclusion: Assessment of organizational financial performance from the implementation of accrual basis accounting in financial reporting at PMI Surakarta City becomes more useful. Financial reports with accrual basis accounting are more accurate, more realistic, have more complete data presentation and can be used as a basis for developing management and organizational activities in the future.

Keywords:

Implementation; accountancy; accrual base; financial report, PMI

JEL: A10, A11, I19

INTRODUCTION

The Indonesian Red Cross (PMI) is a humanitarian organization incorporated under Law No. 1 of 2018 concerning Red Cross to carry out Red Cross activities. The tasks, principals and functions carried out by PMI are: Provide assistance to victims of armed conflict, riots and others; Provide blood services in accordance with the provisions of the legislation; Conduct volunteer training; Carry out education and training related to the Red Cross; Disseminate information related to Red Cross activities; Assist in handling disasters and/or disasters at home and abroad; Assist in the delivery of health and social services; and carry out other humanitarian tasks assigned by the government.

In carrying out these tasks, the PMI organization which is a non-profit organization obtains funds from the state and society. In managing and managing the PMI organization, of course, funds are needed in the operational process. PMI obtains funding from various sources. Each PMI, whether at the Central, Regional/Provincial, Regency/City and Sub-district management has been formed within a certain period to account for the activities carried out by each PMI level. For example, in the Surakarta City PMI Organization, the one who is responsible for managing the Surakarta City PMI operations and all its activities is the Surakarta City PMI Management. This includes being responsible for the acquisition funds

collected and the funds issued / spent. Because the funds used come from the community , state/government assistance (if you get it) and others.

One form of accountability in the financial sector is in the form of financial statements. Financial Statements (According to Munawir 1995:5) are reports consisting of balance sheets and profit and loss calculations as well as changes in capital of a company on a certain date, while the income statement calculation shows the results that have been achieved by the company and the costs incurred during the period. certain, and the statement of changes in capital shows the sources and uses or reasons that cause changes in the company's capital.

PMI Surakarta City is part of PMI throughout Indonesia which is domiciled at the Regency/City level. In carrying out its duties, PMI always strives to uphold the trust of the community, which is the largest donor in supporting the activities carried out by PMI Surakarta. Efforts to maintain public trust and to account for the receipt of funds from the public PMI Surakarta City Management is committed to being transparent and submitting the financial reports of PMI Surakarta City in a professional manner in accordance with applicable regulations.

In general, there are two methods of accounting records, namely the *cash basis* and the *accrual basis* . Until 2021 PMI Surakarta City carries out its accounting records on a cash basis. And in accordance with the policies and decisions of the Surakarta City PMI management starting in 2022, starting in 2022, they will start using the accrual basis for accounting records. The purpose of implementing accounting records on an accrual basis, it is hoped that the financial performance of PMI Surakarta City, especially in each work unit can be more measurable from all aspects that are part of the achievement of financial performance.

According to Ni Komang Dewi Sudarmiati (2017, 131), the use of accrual-based accounting is better to use. The government realizes the need to change from cash-based accounting to accrual-based accounting, because currently most companies use the accrual basis and leave the cash basis.

PMI, which is a partner organization of the government and the community, in its accounting operations and in managing its financial management is always expected to be improved and in accordance with the latest technological developments. In Government Regulation No. 71 of 2010 concerning Government Accounting Standards in Article 4 Paragraph 1 which reads that the Government applies Accrual-based SAP. With this Government Regulation, even though PMI is not a government agency, it must adapt to any changes, especially changes that bring good, progress and increase organizational professionalism.

THEORY AND HYPOTHESES

Accountancy

Understanding accounting in general, Accounting is a process of recording, summarizing, classifying , processing, and presenting transaction data, as well as various activities related to finance, so that the information can be used by someone who is an expert in the field and becomes material for making a decision (Wikipedia). Almost all companies implement an accounting system in their company's financial management. The final result of the accounting process is financial statements.

While the accounting system according to Mulyadi (2001:3), is an organization of forms, records and reports that are coordinated in such a way as to provide financial information needed by management to facilitate the management of the company.

In the accounting process in the form of stages - these stages can be grouped into three important processes, namely input, process and output. Input is evidence of transactions that will be recorded and classified. For example, proof of expenditure, such as a receipt for the purchase of office stationery. The next stage of the process is to process the identification, analysis and measurement according to the evidence and information on existing records. For example, an office stationery receipt of Rp. 500,000,- identify any stationery, where to buy it, how many units, the total price per unit to what is the total price. From the evidence of the notes/receipts, the suitability and accuracy of the records are analyzed . The final stage is the output in summarizing, grouping so that it becomes a financial report that is easy to read,

understand and can be used as a measuring tool/analysis of a company's financial achievements.

Financial statements are one of the tools used to measure company performance. Performance is a picture achieved by the company in its operational activities. These achievements cover various aspects, such as financial aspects, marketing aspects, fund acquisition aspects, and financial expenditure aspects. Financial performance describes the company's financial condition in a certain period. From the company's financial statements that have been submitted, various analyzes can be carried out to find out more about the condition of the company. For example, to find out the company's performance by using the data contained in the financial statements, the following analysis is carried out: Comparison of financial statements; Trend analysis / position tendency; Percentage analysis per component; Analysis of sources and use of working capital; Analysis of sources and uses of cash; and Financial statement analysis.

Accounting record system

According to W Gerald Cole (Baridwan, 2022), the system is a framework of interrelated procedures arranged according to a comprehensive scheme to carry out an activity or main function of the company. Accounting records are all documentation and bookkeeping involved in the preparation of financial statements or records relevant to financial audits and reviews. Financial records are documents that provide evidence or summarize business transactions. A well-organized collection of financial records is an important part of the accounting department. At the most detailed level, financial records can include invoices and receipts.

The accounting system as well as in technicians keeps financial records such as receipts, notes, receipts, invoices, money issued from company accounts, bills, and money used for company operations. Evidence of financial records such as invoices, receipts, employee payroll registers, purchase payments, expenses, VAT records, tax returns, and other supporting documents are accounting records. Financial documents must be kept for a certain period of time, according to company policy. And each company has different regulations in determining the shelf life of financial documents. While financial records such as general ledger accounts-including general journals and general and subsidiary ledgers. Cash book records-including receipts and payments. Banking records-including bank and credit card statements, deposit books, check books and bank reconciliations.

Accounting records are the primary source of information and evidence used to prepare, verify and/or audit financial statements. The accounting records include documentation to prove ownership of assets. Accounting records function to support the preparation of the company's financial statements, which consist of: Income statement; Balance sheet; and Cash flow statement.

According to Mulyadi (2001) the general objectives of developing an accounting system are as follows: To provide information for managers of new business activities; To improve the information produced by the existing system, both regarding the quality, accuracy of presentation and structure of the information; To improve accounting controls and internal checks, namely to improve the level of reliability of accounting information and to provide complete records regarding the liability and protection of company assets; and To maintain clerical costs in maintaining accounting records.

There are generally 2 (two) accounting bases, namely:

a. **Cash Base Accounting**

Cash basis refers to the primary accounting method that recognizes revenues and expenses when cash is received or paid. This is very different from accrual accounting, which recognizes revenue when it is earned and records expenses when a liability is incurred regardless of when cash is received or paid. For an example of how cash basis accounting would work with revenue, consider a small business selling to another business. Customers pay their bills within 30 days. Businesses will record revenue from sales when payment is actually made, 30 days or more after the invoice is sent. The characteristics of cash basis accounting records are:

1) **Using single entry system**

- 2) Records only cash payments received and cash disbursements paid.
- 3) Simple process.
- 4) Not a good accounting tool.
- 5) Does not have a built-in error checking tool.
- 6) Mainly focuses only on Expenditures and not on Expenditures and Revenues.

The disadvantage of cash basis accounting is that it provides a less accurate picture of the financial position of a business than the accrual basis of accounting. In addition, business data can be manipulated by delaying payments or delays in depositing checks. In cash-based accounting only allows companies to use cash accounts to track and record transactions. Companies can record things like cash, expenses, and income on the *cash-basis method*. Keeping track of long-term liabilities, loans, or inventory will have difficulty.

The main advantage of the cash basis method is its simplicity which only takes into account cash paid or received. So that if the company will track the company's cash flow it will also be easier. This method is useful for sole proprietorships and small businesses. This is because most likely, it does not require special staff who are various in certain fields. So there is no additional staff so that the cost of labor/staff is more efficient. Cash basis method of recording is generally used by small businesses and sole owners of companies. While the accrual accounting method is a standard method of financial reporting for public companies.

b. Accrual Basis Accounting

According to Harisson (2012: 133), accrual accounting is recording the impact of business transactions when they occur. When a company performs a service, makes a sale, or incurs an expense, the accountant will record the transaction even if he or she does not receive or pay cash.

The accrual principle is an accounting concept that requires that each transaction be recorded in the period in which it occurs, regardless of when the actual cash flows for the transaction are received. On the accrual basis, companies record transactions that change the company's financial statements in the period in which these events occur.

The accrual basis is an accounting system that states that revenue is recognized before payment is received and expenses are recognized before it is paid. Whereas accrual accounting is an accounting method in which income and expenses are recorded as they are earned, regardless of when the money is actually received or paid. For example, with financial records where the company will record revenue when the project is completed, not when the company receives payment for the project that has been done at a different time. In accrual basis accounting includes recording receivables, payables, accrued income, and accrued liabilities. With this accrual basis accounting method, companies get a *real-time picture* of how much money is coming in. In addition, companies can project financial statements in the future. In addition, it is also easy to prepare cash flow statements and recognize financial trends with the accrual basis of accounting method. Accrual-based accounting combines two main accounting principles, namely:

- 1) matching principle ;
- 2) The principle of revenue recognition.

The matching principle says that expenses should be recognized in the same period as the revenue they help generate. Accrual basis accounting is more complicated, requiring more time and resources that most small business owners don't have. It involves tracking cash flow, accounts receivable, and payable. It can also change the company's short-term financial outlook.

An accrual basis is required for any income earned or expenses incurred, for which cash has not been redeemed. The accrual basis improves the quality of information on financial statements by adding useful information about short-term credit granted to customers and future obligations to lenders.

In the process of identifying the accrual basis of accounting, it can be seen from the accounts accrued expenses are posted to an expense account and posted to a liability account. Liability accounts are all listed on the balance sheet of the company. Some of the

accounts used to identify accrual accounting are salary expense, interest expense, depreciation expense.

In accrual basis accounting there are several types of accruals, but most fall into one of two main types namely:

- 1) A earnings crew
- 2) A crual fee.

Accrual journals are journal entries that are used to recognize revenues and expenses that have been earned or consumed. Because income and expenses are the core of financial statements, this accrual basis will be very different from financial statements reported on a cash basis.

Over time, changes in financial policies, demands from financial statements based on the performance of a company must change its accounting method from a cash basis to an accrual basis. The main advantage of the accrual basis of accounting method is that it provides a more accurate picture of how the business is performing over the long term than the cash method. The main disadvantages are that it is more complex than a cash basis, and that income taxes may be owed on income before payments are actually received.

Financial statements

According to Kasmir (2019:7), financial statements are reports that show the company's financial condition at this time or in a certain period. Financial statements are commonly used by investors, market analysts, and creditors to evaluate a company's financial health and earnings potential. Company management has the responsibility to prepare the company's financial statements and related disclosures. Independent auditors from outside the company then audit the financial statements and disclosures. Financial reports provide an overview of a company's financial health, providing insight into its performance, operations and cash flow. Financial statements are very important because they provide information about a company's income, expenses, profitability, and debt.

Accounting theory provides guidance for effective financial accounting and reporting. Accounting theory involves the assumptions and methodologies used in financial reporting, which requires a review of accounting practices and regulatory frameworks. The elements of the financial statements will be assets, liabilities, net assets/equity, income and expenses. The usual order of financial statements is as follows: Income statement; Cash flow statement; Statement of Changes in Equity; Balance sheet; and Notes to financial statements.

Financial statements are one of the tools for analyzing the company's performance achievements, especially in terms of financial performance. The purpose of Financial Statement Analysis is to evaluate the profitability (revenue capacity) of the business. To make comparisons within the company (intra-firm) and with other companies (inter-company) To determine the ability of the business to pay interest, dividends, etc. To assess management performance.

The most important financial statement for most users is probably the income statement, as it reveals the ability of a business to generate profits. To determine the ability of a business to generate cash, and the sources and uses of that cash. To determine whether a business has the ability to repay its debts. The limitations of the financial statements include, among others:

- a. The financial statements do not contain some intangible assets.
- b. Financial statements only cover a certain period of time.
- c. Financial statements may not be comparable.
- d. Financial statements can be wrong because of fraud.
- e. The financial statements do not cover non-financial matters.

RESEARCH METHODS

The type of research used in this research is descriptive qualitative research with in-depth interviews, documentation studies and field studies at PMI Surakarta. This research method uses a descriptive qualitative approach , data observation and data collection with in-depth interviews, documentation studies and field studies at PMI Surakarta. The type of data

used in this research is secondary data. This secondary data is data and information regarding the implementation of accrual basis accounting at PMI Surakarta in March – June 2022. This implementation includes accounting techniques for accrual basis financial accounting. The data collection technique in this study was exploration and observation of data sources in PMI Surakarta City, then the data was confirmed to the appointed technical person in charge. Data analysis technique in this study is from data that has been explored and after observing data sources in PMI Surakarta City, and confirmed to the designated technical officer in charge. Furthermore, the data is described qualitatively. The next technique is drawing conclusions.

RESEARCH RESULTS AND DISCUSSION

PMI Surakarta City until now has carried out its duties, principals and functions in accordance with the law. PMI Surakarta is indeed outside of the other PMIs, and was even recommended by PMI Central Java and PMI Central as a reference source for PMI learning places in comparative study visits. Red Cross tasks that have been and are still being carried out by PMI Surakarta

1. Provide assistance to victims of armed conflict, riots and others;
2. Provide blood services in accordance with the provisions of the legislation;
3. Conduct volunteer training;
4. Carry out education and training related to the Red Cross;
5. Disseminate information related to Red Cross activities;
6. Assist in handling disasters and/or disasters at home and abroad;
7. Assist in the delivery of health and social services; and
8. Carry out other humanitarian tasks assigned by the government.

The advantages and advantages of PMI Surakarta City are in carrying out services and maintaining public trust in Surakarta City and its surroundings. The work carried out by PMI Surakarta City has even reached the national level. For example, the Aceh tsunami disaster, the earthquake disaster in Padang, the earthquake disaster in Palu, the flood that occurred in Banjarnegara and many other places outside the city of Surakarta which were well served by PMI Surakarta.

This is what increasingly makes people entrust their humanitarian assistance through PMI Surakarta. And PMI Surakarta's commitment is that humanitarian assistance received by PMI Surakarta City from the community will be 100% returned to those in need. This means that PMI Surakarta City bears the distribution costs, operational costs and other costs in the distribution process of the humanitarian aid it receives. PMI is a not-for-profit organization, where the orientation of activities carried out at PMI is not oriented to cultivating profits or for profit alone. Likewise with the PMI of Surakarta City, which is one of the five pioneer PMIs in Indonesia besides Surabaya, Yogyakarta, Semarang and Bandung. The five PMIs are referred to as Pioneer PMIs because they were established seven months after the Central PMI was inaugurated on September 17, 1945.

Until now, PMI has been active for 77 years in its duties and has matured PMI in its duties to serve the community. Over time, PMI, especially PMI Surakarta City always improves the services that are implemented and improves the quality management of its organization through the implementation and certification of Good Manufacturing Product (GMP) for blood transfusion services and in the process of ISO 9001:2015 certification.

PMI Surakarta City has established its quality policy, vision and mission in its management process. This is a form of quality management process that refers to the quality management standard of ISO 9001:2015 and the implementation of the established GMP certification and the commitment of PMI Surakarta City in serving the community in Surakarta City in particular and nationally in general.

Overview of the Accounting System at PMI Surakarta In PMI Surakarta City in the management there is a Treasurer, and in the organizational structure there is a supporting section for Finance and Accounting. The financial and accounting systems are the responsibilities, duties and functions of this section. In carrying out financial management, PMI Surakarta City has used basic accounting principles. For financial reporting, it refers to the

Interpretation of Financial Accounting Standards (ISAK) 35 which is intended for non-profit organizations such as foundations, education, PMI, hospitals and so on.

In the process of division of authority and responsibility at PMI Surakarta, it has been determined that it has been divided according to their respective parts. In the financial section of PMI Surakarta City consists of: Treasurer; Head of Finance; Head of Accounting; Head of Logistics; Funding Staff; Disbursement Staff; Accounting Staff; and Cashier. The finance and accounting division team is the part that carries out financial support for all operational activities carried out by PMI Surakarta City. The financial reporting period at PMI Surakarta City is monthly, quarterly, semester and yearly. And from the standard operating procedures that have been set by the management team at PMI Surakarta, these reports must be completed on the 10th of the beginning of the following month. This is a target in the finance and accounting department to always be consistent and timely in the presentation of financial statements. The stages of the process in making financial reports at PMI Surakarta City are as follows:

a. Input

Inputs in the accounting process at PMI Surakarta City are:

1) Proof of Expenditure/expenditure data

For example: fuel payment receipts, AC repair receipts, payroll sheets, overtime pay lists, equipment depreciation data/inventory etc. This task is carried out by the finance staff of the disbursement/payment department

2) Proof of entry/receipt data

For example: Receipts for receiving ambulance transport services, receipts for receiving BPPD payments, Receipts for obstetric clinic services, Receipts for donations for Griya PMI Peduli, receipts for assistance in the form of rice, etc. This task is carried out by the financial staff of the income/receipt section and the cashier staff

3) Proof / Logistics Stock Data

For example: receipt of goods, purchase invoices for goods, logistics data reports (initial stock, goods arrived, usage of goods, final stock of goods), goods request reports . This task is carried out by logistics staff k .

4) Evidence/Data Confirmation of Receivables

For example: billing data to hospitals that have collaborated with PMI, bills for using PMI Surakarta services that have not been paid for , etc. This task is carried out by the financial staff of the income/payment section, especially those who handle invoices.

5) Bank Reconciliation Evidence/data

For example: bank statement statements for PMI Surakarta City accounts, savings books, etc. This task is carried out by the accounting staff.

b. Process

1) Data / evidence that exists in the input process, is identified, analyzed and measured.

2) accounts are prepared and determined in advance according to the needs at PMI Surakarta City.

3) Completing financial accounts that will appear in financial statements, such as income and expense reports, balance reports and cash flows. Accounts are prepared with codes in accordance with accounting systems and standards so that it will be easier to read, group, summarize and compile financial reports at PMI Surakarta City.

4) All evidence of records or evidence of financial transactions will be entered in the journal entry according to the account provided .

5) If a transaction appears and the appropriate account is not found, a new account will be added in accordance with financial reporting standards.

6) Every time a verification is carried out by the accounting department, its function is as a journal entry checker and as a control for account records that require further action, for example, adjustments, corrections or other necessary things.

c. Output

From the input and process stages, the outputs that will appear are:

1) Income and Expenditure Report

In general, we find a company called an income statement, in PMI Surakarta it is called an income and expense report. This report contains the income earned by PMI Surakarta City and expenses made by PMI Surakarta City in a certain period. This report appears monthly, quarterly, semester and yearly. The output of this report can be per section (Ambulance, Main Clinic, Pratama Clinic itself) or in the form of a unified report "Report on Income and Expenditure of PMI Surakarta City Headquarters Unit"

2) Statement of Financial Position

The statement of financial position is the same as the balance sheet. The contents of the Financial Position report at PMI Surakarta City are current assets, fixed assets, depreciation of fixed assets, debt and equity owned by PMI Surakarta City in a certain period in accordance with the financial statements presented.

Implementation of the Accrual Basis at PMI Surakarta

1. Revenue Record

Income at PMI Surakarta City comes from various units in PMI Surakarta City. In the implementation of accrual basis of accounting, both income that has been received in cash and income that has not been received will still be recorded as income. But the difference is on the debit side. If income is paid in cash, the journal entries are Cash (debit) and Revenue (credit). If the income is not / has not been received directly, but has become PMI's rights or is still owed by a second party, then this income is still recorded in the journal: Receivable (debit) income (credit). An example of a real implementation at PMI Surakarta City is, Blood Processing Replacement Fee Income (BPPD) which is income from the Blood Donor Unit, if taken directly and paid directly / in cash, the journal is as follows:

Journal Entry

date	CODE	ACCOUNT NAME	ANCESTOR	CREDIT
01-Apr	105	Cash	xxxx	
	310	BPPD Income		xxxx
Note: BPPD Cash Income				

If the BPPD is taken from a hospital that has collaborated with PMI Surakarta (for example, RS XX), with a payment due in 1 (one) month, the journal entries made by the accounting staff are as follows:

Journal Entry

date	CODE	ACCOUNT NAME	ANCESTOR	CREDIT
01-Apr	116	Receivables RS XX	xxxx	
	310	BPPD Income		xxxx
Note: Credit BPPD income				

In this case, every income, even though it has not been paid or has not received payment directly or in cash, PMI Surakarta City has recognized it as income at that time. If RS XX has made a payment, the journal entry is as follows:

Journal Entry

date	CODE	ACCOUNT NAME	ANCESTOR	CREDIT
01- May	110	Bank Mandiri Cash	xxxx	
	116	Receivables RS XX		xxxx
Note: BPPD Payment Hospital XX				

On the other hand, PMI Surakarta City in terms of receiving income/income in the form of cash which is an advance but PMI has not fulfilled its obligations in fulfilling the payment, then on this accrual basis PMI Surakarta City states its financial statements in liabilities/debts.

Journal Entry

date	CODE	ACCOUNT NAME	ANCESTOR	CREDIT
01- May	110	Bank Mandiri Cash	xxxx	
	225	Training Debt		xxxx
Note: receipt of funds				
For training activities				

When PMI Surakarta City has fulfilled its obligations in carrying out training according to customer requests, the journal entries are as follows:

Journal Entry

date	CODE	ACCOUNT NAME	ANCESTOR	CREDIT
10 - May	225	Training Debt	xxxx	
	320	Training Income		xxxx
Note: PT YY Training				

2. Expenditure Record

Recording of expenses paid in cash / cash in the journal there is no difference in recording both in cash basis accounting and accrual basis. However, there is a different recording of expenses in accrual basis accounting with cash basis, which occur and are routine transactions at PMI Surakarta City are as follows:

a. Wages

The salary fee set at PMI Surakarta City is once a month. The average value is almost the same for each month and tends to increase every year. Regarding the time of payment of salaries at PMI Surakarta, it is determined every 1st of every month. So that the payment process can be advanced according to the time of banking services. Technical employee payroll is done through a bank account. In this case, the bank's working days affect the accounting records in the payroll expense account. If the salary transaction is carried out on the 1st and the bank's working hours are appropriate, it means that the journal entry is as follows:

Journal Entry

date	CODE	ACCOUNT NAME	ANCESTOR	CREDIT
01-Apr	505	Salary expense	xxxx	
	110	Bank Mandiri Cash		xxxx
Note: Salary for April 2022				

However, if the 1st is the date when the bank service is closed, then the recording of the salary expense account changes to the 30th or 31st (before the 1st), meaning PMI Surakarta City pays the salaries of employees who have not been due, even though the time has been advanced by 1 to 4 days. However, on an accrual basis, the recording must be adjusted to the recording and reporting period. For example, the 1st is a holiday on the date of banking services, so that the transaction process to the bank is carried out on the 30th, so from the transactions that occur, the journal entries are recorded using the accrual basis of accounting method as follows:

Journal Entry

date	CODE	ACCOUNT NAME	ANCESTOR	CREDIT
31-3	120	Salary paid in advance	xxxx	
	110	Bank Mandiri Cash		xxxx
Note: Salary in April 2022				

This journal is to recognize cash disbursements carried out at the end of the month, but have not been recognized as salary expenses.

Furthermore, for April 2022, the journaling is carried out as follows:

Journal Entry

date	CODE	ACCOUNT NAME	ANCESTOR	CREDIT
01-4	505	Salary expense	xxxx	
	120	Salary paid in advance		xxxx
Note: Salary in April 2022				

This journal is to recognize the cost of salaries issued from the bank's treasury on March 30, 2022 as an acknowledgment of salary costs which are actually allocated for salaries in April 2022.

b. Equipment and Inventory Depreciation

The previous depreciation of equipment and inventory (until December 2021) carried out at PMI Surakarta is depreciation with adjustments at the end of the year period or as of December 31 each year. This causes depreciation costs to be unreadable in the monthly, quarterly or semester period reports. Meanwhile, the interpretation and performance evaluation tool for PMI Surakarta City is from its financial reports, including monthly reports. So that there is a discrepancy between the monthly, quarterly, semester reports and the annual report, for example in the monthly report there is no depreciation expense, but in the annual depreciation expense appears in a fairly large amount.

With the implementation of this accrual basis of accounting, the Surakarta City PMI since the beginning of 2022 the depreciation cost of equipment and inventory at the Surakarta City PMI is charged every month, by calculating the annual depreciation cost divided by twelve (number of months) for the total depreciation expense of equipment and inventory each month. This was conveyed by the treasurer, that "this will show the actual expenses that must be financed in the financial reporting period. So that if the economic life of equipment or inventory that has been depreciated is due, then PMI Surakarta City already has accumulated funds for renewal of equipment or replacement inventory that has expired.

The amount of depreciation expense is also adjusted to the type of assets in PMI Surakarta. Such as buildings, vehicles, equipment and supplies have different percentage rates of depreciation expense and have been grouped according to the type of asset. The percentage is 12.5%, 25% 50% per year.

For example, from the number of assets in PMI Surakarta, the depreciation costs per unit have been detailed in the asset/inventory list. In the list there is a total amount of 1 year worth Rp. 1,800,000,000, -. This value is charged every month so that the depreciation amount is 1 year / 12, or 1,800,000,000 / 12 = Rp. 150,000,000.-. So every month at the end of the month the accounting staff will make adjusting journal entries at the end of each month as follows:

Journal Entry

date	CODE	ACCOUNT NAME	ANCESTOR	CREDIT
30-4	560	Inv . Depreciation Cost	xxxx	
	180	acc. Penis. Inv		xxxx
Note : Pen. April Inv				

c. Old Age Security Fee (JHT)

JHT is a cash value given to employees of PMI Surakarta City who have entered their retirement period. At PMI Surakarta in the labor regulations issued by the PMI Management in Surakarta City in 2013, it is stated that employees will enter retirement period after entering the age of 56 years. JHT is given to employees who are retired at a rate in accordance with the applicable Manpower Act in Indonesia.

In terms of the policy of recording and charging JHT fees or pension funds, previously PMI Surakarta City charged 100% of JHT fees if the employee had retired. The Treasurer of PMI Surakarta City, said that this would be a heavy burden at certain times when employees entered their retirement period. Moreover, a certain time after an employee's job may be at the same time as more than 1 employee. If the JHT costs are charged directly at retirement (only in certain months, when retirement occurs), then in general the performance of the financial statements for that month looks like a free fall, expenses swell and with the additional cost of one or more retired employees, it will affect financial performance report for the month.

To correct this, in the implementation of this accrual basis of accounting, the JHT costs for employees starting in March 2022 have been *broken down and* charged every month according to the calculation of the employee's working period until he enters his retirement period. So that every month JHT costs appear even though there are no full-time employees.

The journal entries in the financial write-off are:

Journal Entry

date	CODE	ACCOUNT NAME	ANCESTOR	CREDIT
30-4	550	Employee JHT Fee	xxxx	
	140	JHT Kary Cad Fund.		xxxx
Note: Employee JHT Fee April 2022				

3. Logistics Stock Recording

Function at PMI Surakarta City is as a part that provides consumables used in PMI Surakarta City operations. Stock of goods or inventory of goods is one of the components of the incoming account. The stock of logistics goods at PMI Surakarta City consists of various kinds. From medical and non-medical materials. And its storage in logistics warehouses in accordance with GMP and ISO 9001:2015 standards. The distribution system for consumables at PMI Surakarta is First ED First Out (FEFO). The item with the closest expiry date will be issued first. And the inventory system has been determined by the management in technical terms, it has been stated in work instructions, work sheets and standard operating procedures in its management.

In the accounting records in the inventory of logistics materials, previously the recording of consumable logistics goods that were recognized as costs was after the invoice for the purchase of the consumable logistics goods was paid by PMI Surakarta. This means that if the payment is due in one month, the purchase or consumables expense will be the next month's expense. Another thing that makes this cash basis financial report out of sync is the large number of purchases for two or three months logistics stock, but payments are made at once, so the purchase burden with this high number will only appear in certain months. This is what makes the financial statements that appear unstable because of the influence of recording purchases of logistics goods with cash basis accounting. By recording the accrual basis of accounting, the changes made are:

a. Recording of purchases of logistics stock items to inventory stock items logistics

Journal Entry

date	CODE	ACCOUNT NAME	ANCESTOR	CREDIT
15-4	270	BHP Supplies	xxxx	
	115	Cash		xxxx
Note: Purchasing bags Blood				

- b. Purchases with a tempo by recording inventory stock logistics debit crediting debt
Journal Entry

date	CODE	ACCOUNT NAME	ANCESTOR	CREDIT
15-4	270	BHP Supplies	xxxx	
	220	Debt of PT Trans Blood		xxxx
		Note: Purchasing bags		
		Blood on credit		

- c. For the measurement of the cost of consumable logistics goods, the recording made is in accordance with the number of logistics goods used in that month in rupiah such as the purchase price. This is done with a stock adjustment journal at the end of the month
Journal Entry

date	CODE	ACCOUNT NAME	ANCESTOR	CREDIT
15-4	270	BHP Supplies	xxxx	
	220	Debt of PT Trans Blood		xxxx
		Note: Purchasing bags		
		Blood		

Benefits of implementing accrual-based accounting at PMI Surakarta

In the implementation period of 6 months with 3 months of probation and 3 months of realization, the implementation period greatly affects the output of financial statements at PMI Surakarta City. In this implementation there are changes and new accounts appear in the financial statements of PMI Surakarta. From the results of the analysis of the output of the PMI financial report for the City of Surabaya in January - June 2022, the benefits of implementing accrual basis accounting are felt as follows:

1. The financial statements are in accordance with the expectations of all PMI Surakarta management, where the income and expenditure figures contained in the financial statements are in accordance with the transactions that occur, even though they are not cash-based.
2. In the financial statements on an accrual basis, it also provides cash flow data, so that cash flow at PMI Surakarta at a certain period can also be seen and can be used as a guide for taking management actions in the future.
3. With the accrual basis, it can be seen, measured and assessed the performance of each part or work unit in PMI Surakarta City. The accrual basis is better able to show the acquisition of income or income and expenses in obtaining the income by measuring a certain period.
4. Accrual basis financial statements, with real income and expenditure data, must be recorded more reliably than the cash basis for making future organizational management plans.
5. The information presented on the accrual basis is more complete than the cash basis.

Factors that affect financial statements in the implementation of accrual basis accounting at PMI Surakarta

From the change in the implementation of cash basis accounting to the accrual basis at PMI Surakarta, several factors were found that affect the financial statements at PMI Surakarta, namely,

1. Recognition of revenues, expenses and expenses
 - a) Recognition of revenue according to the time and amount of revenue. With the completion of a service that generates income, at that time the income has been recognized as income at PMI Surabaya City.
 - b) Recognition of shopping, When the purchase has been made, the expenditure has already been recognized as shopping at PMI Surakarta City, even though it has not been paid or the goods ordered have not arrived.

- c) acknowledgment of burden, Expenses that are not realized directly / cash, are still recognized, such as depreciation expense, unpaid salary expenses which are already an expense.
- 2. Recording liabilities and assets
 - a) Obligation record
The recording of obligations at PMI Surakarta City in the implementation of this accrual basis that all transactions that affect activities in PMI Surakarta City and cause liabilities, must be recorded in its financial records. For example, in receiving advances or depositing funds for services ordered by customers, cash has been received, but is still recorded as a liability.
 - b) Asset listing
Asset recording at PMI Surakarta City with accrual basis accounting is adjusted to the actual asset value while still providing the accumulated depreciation value in accordance with the regulations set by the Surakarta City PMI Management
- 3. Measurement with historical value
Measurement of historical value in each financial transaction and the impact on the financial statements. By measuring historical values, it will affect an account value and of course will affect the financial statements presented at PMI Surakarta City.

CONCLUSION

In the process of moving the implementation of cash basis accounting to the accrual basis at PMI Surakarta, it is still not long. The implementation of accrual basis accounting begins in January 2022. Financial reports are produced from January to June 2022, and at the time of the research, accrual basis accounting was used. After analyzing the financial statements, there are changes in financial performance. The change was caused by the accounting method which was originally on a cash basis to an accrual basis. Fundamental changes to income, expense, expense accounts. For example, depreciation costs, accumulated depreciation, consumables costs, logistics inventory stock, old-age insurance costs, holiday allowance costs have changed more with the application of this accrual basis.

This change is influenced by the process of recognizing revenues, expenses and expenditures, the process of recording assets and liabilities as well as measuring the historical value of financial transactions that occur. From the results of the financial statements presented with accrual basis accounting, the PMI Surakarta report is considered more satisfactory in presenting its financial performance, both financial reports per work unit or sections as well as overall financial reports at PMI Surakarta City. In addition, for the development of activities and management at PMI Surakarta, the financial statements presented with accrual accounting are more realistic and the information presented is more complete.

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