Turkish Online Journal of Qualitative Inquiry (TOJQI)
Volume 11, Issue 04, October 2020: 957-963

Research Article

Presentation Of Financial Statements Of Cash Item Based On Ifrs International Standards

Angella Tiosanna[1], Arief Fareza Rosadi[2] , Iskandar Muda[3]

Abstract

Types of Financial Statements Financial reports are divided into 2 types, namely main reports and supporting reports. The entity applies PSAK1 in the preparation and presentation of general purpose financial statements in accordance with SAK. The financial statements are prepared on a going concern basis, if management does not intend to liquidate or stop trading. PSAK1 does not apply to the preparation and presentation of the financial statements of sharia entities. The elements of financial statements that are directly related to the measurement of profit are income and expenses. In meeting its objectives, financial statements also show what management has done (stewardship) or management's responsibility for the resources entrusted to it. The complexity of the IFRS financial statements was conveyed by those who questioned the usefulness of the IFRS financial statements for investors and analysts.
Keywords: International Financial Reporting Standards (IFRS), Presentation of Financial Statements (PSAK1).

I. INTRODUCTION

Accounting is information that explains the company's financial condition to parties who need the report for all types of activities and also determine decisions. According to Soemarso (2004) accounting is the process of identifying, measuring and reporting economic information to enable clear and firm judgments and decisions for those who use the information.

Accounting information is usually used by investors, creditors, governments, employees, as well as managers or company leaders. This information is useful for them as a basis for decision making and as evidence of management's accountability to owners, in addition to evidence to know the development of the company from year to year.

Thus, the benefits of accounting are to obtain company financial information, to prove management's accountability to owners and to know the development of a company. This is caused by various factors, namely economic conditions, economic understanding adopted, as well as differences in political and social conditions in each country.

IFRS is a single standard for accounting reporting that emphasizes professional revaluation with clear and transparent disclosures regarding the economic substance of transactions, explanations to reach certain conclusions. In Indonesia, the PSAK to IFRS convergence program has full support from the government.

[1,2,3] Universitas Sumatera Utara, Medan, Indonesia

The PSAK to IFRS convergence program is one of the recommendations in the Report on the Observance of Standards and Codes on Accounting and Auditing prepared by World Bank assessors which is implemented as part of the Financial Sector Assessment Program (FSAP). Financial statement information must have reliable quality in order to be useful.

2. LITERATURE REVIEW

IFRS aims to ensure that the company's internal financial statements for the periods included in the annual financial statements contain high quality information that is transparent to users and can be compared throughout the period presented. PSAK 2: Cash flow statement is a report that presents information about cash inflows and outflows and cash equivalents of an entity by category (operating, investing and financing activities) for a certain period.

Harahap (2004:106) states that the types of financial statements consist of the main and supporting types of financial statements, such as; a list of balance sheets, profit and loss calculations, reports on sources and uses of funds, cash flow reports, reports on cost of goods manufactured, retained earnings reports, reports on changes in capital, and reports on financial activities.

IAI (2015: 3), complete financial statements usually include balance sheets, income statements, statements of changes in financial position (which are presented in various ways, for example, cash flow statements or fund flow statements), notes and other reports as well as material explanations that are an integral part of the financial statements.

According to IAI in SAK ETAP (2009:2), the purpose of financial statements is to provide information on the financial position, financial performance, and cash flow statements of an entity that is useful to a large number of users in making economic decisions by anyone who is not in a position to request special financial statements.

The Financial Accounting Standards explain that the purpose of financial statements is to provide information regarding the financial position, performance, and changes in the financial position of a company that is useful for a large number of users in making decisions.
The entity applies PSAK1 in the preparation and presentation of general purpose financial statements in accordance with SAK. An entity prepares its financial statements, except for cash flow information, under accrual accounting.

3. METHODS

The descriptive approach was adopted in Qualitative characteristics in financial statements are normative actions that need to be stated in the form of accounting information so that they can be in accordance with the objectives of financial statements (Komite Standar Akuntansi Pemerintahan, 2019:14).

The qualitative characteristics of financial reports as stated in Government Regulation Number 71 of 2010 concerning Government Accounting Standards are as follows:

1. Relevant
   Financial statements can be said to be relevant if the information contained in them can influence users' decisions by helping them evaluate past or present events, and predict the future, as well as confirming or correcting the results of their evaluations in the past.

Thus, relevant financial information can be related to its use, as follows: (a) has the benefit of feedback, (b) has predictive benefit, (c) is timely, and (4) complete.

2. Reliable
   The information in the financial statements is free from misleading understanding and material errors, presents every fact honestly, and can be verified. Information may be relevant, but if its nature or presentation is unreliable then the use of the information is potentially misleading. Reliable information meets the characteristics of: (a) honest presentation, (b) verifiability, and (c) neutrality.

3. Comparable
   The information contained in the financial statements will be useful if it can be compared with the financial statements of the previous period or the financial statements of other reporting entities in general. Comparisons can be made internally and externally. Internal comparisons can be made when an entity applies the same accounting policies of year to year. External comparisons can be made if the entities being compared apply the same accounting policies. If a government entity applies an accounting policy that is better than the current accounting policy, the change is disclosed in the period in which the change occurs.

4. Understandable
   The information presented in the financial statements can be understood by users and is stated in forms and terms that are adjusted to the limits of understanding of the users. For this reason, users are assumed to have adequate knowledge of the activities and operating environment of the reporting entity, as well as the willingness of users to study the information in question.

4. RESULTS DAN DISCUSSION

4.1. Result

Indonesia adopted IFRS because Indonesia is part of IFAC which has to comply with SMO (Statement Membership Obligation) which makes IFRS an accounting standard. In addition, IFRS convergence is an agreement between the Indonesian government as a member of the G20 Forum.

There are several obstacles in implementing IFRS in Indonesia, the obstacles faced in implementing IFRS include (Accounting Media, 2005):

1. The problem of standard translation itself, IFRS published in English needs to be translated, while the translation itself will experience difficulties including inconsistencies in the use of English sentences, the use of the same term to explain different concepts, and the use of terms that have no equivalent in the translation. translation,
2. Inconsistency between IFRS and national law, because in some countries accounting standards are included as part of national law, so that accounting standards are written in legal language, and on the other hand IFRS is not written in legal language, so it must be changed by the Accounting Standards Board of each country,
3. The structure and complexity of international standards, with the existence of IFRS, raises concerns that standards will become increasingly thick and complex, and

4. The costs of implementing IFRS are quite large.

There are several financial accounting standards that have converged to IFRS, namely PSAK 1 regarding the Presentation of Financial Statements, PSAK 2: Statement of Cash Flows. PSAK 1 sets out all the requirements that are useful for presenting financial statements for general purposes, which outlines the guidelines for their structure, and underlies the minimum requirements for their content and disclosures.

According to SAK ETAP (2013:17) complete financial statements include:

1. **Balance**
   Balance is part of the financial statements of a company produced in an accounting period that shows the company's financial position at the end of that period. The minimum balance sheet includes the following items: cash and cash equivalents; trade receivables and other receivables; stock; investment property; fixed assets; intangible assets; trade payables and other debts; tax assets and liabilities; estimated liabilities; equity.
2. **Income statement**
   The income statement presents the relationship between the income and expenses of the entity. Earnings are often used as a performance measure or as a basis for other measures, such as the rate of return on investment or earnings per share. The elements of financial statements that are directly related to the measurement of profit are income and expenses. At a minimum, the income statement includes the following items: revenue; financial burden; share of profit or loss from investments using the equity method; tax expense; net profit or loss.
3. **Statement of Changes in Equity**
   This report shows all changes in equity for a period, including items of income and expenses recognized directly in equity for the period, the effect of changes in accounting policies and corrections of errors recognized during the period. Changes in equity other than changes arising from transactions with owners in their capacity as owners include investment amounts, dividend calculations and other distributions to owners of equity during a period.
4. **Cash flow statement**
   Cash flow statementpresents information on historical changes in the entity's cash and cash equivalents, showing separately the changes that occurred during a period from operating, investing and financing activities.
5. **Notes to financial statements**
   Notes on financial statementscontains a summary of significant accounting policies and other explanatory information. The notes to the financial statements contain information in addition to the information presented in the financial statements. The notes to the financial statements provide a narrative explanation or details of the amounts presented in the financial statements and information on items that do not meet the recognition criteria in the financial statements.

According to Rudianto (2009), the purpose of financial statements is prepared to meet the interests of various parties with an interest in the company. In general, financial statements aim to provide financial information of a company, either at a certain time or a certain period. Some of the objectives of the preparation and preparation of financial statements, namely:

a. Provide information about the type and amount of assets (assets) currently owned by the company.
b. Provide information about the types and amounts of liabilities and capital currently owned by the company.
c. Provide information about the type and amount of income earned in a certain period.
d. Provide information about the amount of costs and types of costs incurred by the company in a certain period.
e. Provide information about changes that occur to the company's assets, liabilities, and capital.
f. Provide information about the notes to the financial statements.
g. Other financial information.

PSAK1 does not apply to the preparation and presentation of the financial statements of sharia entities. The components of a complete financial report consist of:

a. Statement of financial position at the end of the period.
b. Statement of profit or loss and other comprehensive income for the period.
c. Statement of changes in equity during the period.
d. Statement of cash flows during the period.
e. Notes to financial statements, containing a summary of significant accounting policies and other explanatory information.

Understanding cash from some authors:

1. According to Martani (2016: 182) cash is a financial asset that can be used for operational activities in a company. In the cash there is an asset whose value is the most liquid because it can be used to pay obligations in the company.
2. According to Diana (2017:101) cash is a financial asset. Financial assets are assets in the form of cash, equity instruments issued by other entities, contractual rights to receive cash from other entities, or contracts to be settled using equity instruments issued by the entity.
3. According to Sulistiawan (2006:59) cash is a means of payment in the form of currency consisting of paper money, coins, and deposits in banks (or places other than banks) which can be taken at any time so that they can be used for transactions. both foreign currency and local currency.

Cash Characteristics from some authors:

1. According to Martani (2016: 183) if the cash that has been reserved uses a special method, then the cash cannot be classified as cash, but can only be classified as a reserve fund.
2. According to Purwaji (2017:8) a means of payment can be categorized as cash, so it must meet the criteria stated. In these criteria there are 2 types of cash, namely the first is that which can be accepted by the community (business) as a means of payment according to its nominal value and the second is that it can be used as a means of payment for the company's daily activities (at any time). moment).

4.2. DISCUSSION

According to Kieso (2008) financial statements are means that can be used by entities to communicate conditions related to their financial condition to interested parties, both from internal entities and external entities. Complete financial statements usually include a balance sheet, income statement, statement of changes in financial position (which can be presented in a variety of ways, for example, as a cash flow statement, or a statement of cash flows), notes and other reports and explanatory material that are an integral part of the financial statements.

Financial reports are divided into 2 types, namely main reports and supporting reports. Harahap (2004:106) states that the types of financial statements consist of the main and supporting types of financial statements, such as; a list of balance sheets, profit and loss calculations, reports on sources and uses of funds, cash flow reports, reports on cost of goods manufactured, retained earnings reports, reports on changes in capital, and reports on financial activities. Types of financial statements are adjusted to the business activities of the company concerned and related parties to require financial information on a particular company.

The objective of PSAK 1 is to ensure the presentation of information that can be compared with the presentation of the entity's financial statements for the previous period and with the presentation of the financial statements of other entities. The financial statements are prepared on a going concern basis, if management does not intend to liquidate or stop trading. An entity prepares its financial statements, except for cash flow information, under accrual accounting.

The purpose of PSAK 2 statement is to provide management of information regarding historical changes in cash and cash equivalents of an entity through a cash flow statement that classifies cash flows based on operating, investing and financing activities during a period.
Based on understanding cash, it can be concluded that cash is a financial asset that can be used for operational activities within a company and the cash can be used as a means of payment without being limited by time and in cash there is also no risk of changes in value. which is very significant. The existence in the cash is a very important entity, because without cash the operating activities in the company cannot run smoothly.

Based on Presentation of Cash in Financial Statements, the company presents cash in current assets and combines it with a cash equivalents account. Cash equivalents are highly liquid. Cash equivalents are financial instruments with maturities of less than 3 months and have minimal risk. In other words, the company can use it immediately without losing value on disbursement. Companies choose cash equivalents to fulfill two objectives. First, the company can immediately use it to meet short-term liquidity needs. Second, the company gets a return.

5. CONCLUTION

The elements of financial statements that are directly related to the measurement of profit are income and expenses. The financial statements are prepared on a going concern basis, if management does not intend to liquidate or stop trading.

PSAK1 does not apply to the preparation and presentation of the financial statements of sharia entities. According to SAK ETAP (2013:17) complete financial statements include: 1. Some of the objectives of the preparation and preparation of financial statements, namely: a. Other financial information.

PSAK 1 sets out all the requirements that are useful for presenting financial statements for general purposes, which outlines the guidelines for their structure, and underlies the minimum requirements for their content and disclosures.

Based on Presentation of Cash in Financial Statements, the company presents cash in current assets and combines it with a cash equivalents account. There are several financial accounting standards that have converged to IFRS, namely PSAK 1 regarding the Presentation of Financial Statements, PSAK 2: Statement of Cash Flows. The notes to the financial statements contain information in addition to the information presented in the financial statements.

In general, financial statements aim to provide financial information of a company, either at a certain time or a certain period. According to Rudianto (2009), the purpose of financial statements is prepared to meet the interests of various parties with an interest in the company.

Notes to financial statements, notes on financial statements contains a summary of significant accounting policies and other explanatory information. Provide information about the notes to the financial statements. An entity prepares its financial statements, except for cash flow information, under accrual accounting.

REFERENCE

1. Accounting Media, (2005). The Long Road Towards Accounting Standards. Issue 46/year XII/June, 10-11.
2. Dwi Martani, (2012). PSAK-based Intermediate Financial Accounting. Jakarta: Salemba four.
3. Please, Sofyan Safri. (2004). Critical Analysis of Financial Statements. Jakarta: Raja Grafindo Persada.
4. Indonesian Accounting Association. (2015). PSAK No. 1 Regarding Financial Statements – revised edition 2015. Publisher of the Financial Accounting Standards Board: PT. Grafindo King.
5. Indonesian Institute of Accountants (IAI). (2009). Financial Accounting Standards for Entities Without Public Accountability. Financial Accounting Standards Board, Jakarta.
6. Indonesian Institute of Accountants. (2013). Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP). Jakarta: Indonesian Institute of Accountants.
7. Kieso, Donald E, Jerry J. Weygandt and Terry D. Warfield. (2008). Intermediate Accounting. Emil Salim Translator. Jakarta: Erlangga Publisher.
8. Government Accounting Standards Committee. (2019). Government Regulation Number 71 of 2010 concerning Government Accounting Standards. Republic of Indonesia.
9. Rudianto. (2009). Introduction of accounting. Erlangga: Jakarta.
10. Soemarso SR. (2004). Accounting An Introduction. Jakarta: Salemba Empat.