Conference Paper

Implementation of Accrual Based Accounting in Improving Empowerment Small and Medium Enterprises (SMEs) District Rungkut Surabaya

Gideon Setyo Budiwitjaksono*1, Indrawati Yuhertiana1

1Faculty of Economics and Business, Universitas Pembangunan Nasional “Veteran” Surabaya, East Java, Indonesia

Abstract

This article aims to explain the application of accrual accounting in the financial reporting presents creative industry businesses to better support decision making. The application of accrual accounting can provide important information for entrepreneurs. The information generated from the recording process can be used to analyze and measure performance as financial capabilities of a business, especially SMEs craftsman creative industries. Data collection using observation method and interview with the resource (entrepreneur) with cluster sample selection technique, involving 5 (five) persons in each representative of the business group from each region. The result shows that Understanding accrual basis system for business actor especially creative industry entrepreneurs in Surabaya Surabaya region requires gradual learning comprehension of recording system based on accrual for business actor need learning gradually and continuously. Through motivation, determination and hard work can be a key factor in the successful implementation of accrual-based accounting to realize community empowerment.

Keywords: Accrual accounting, community empowerment, small and medium enterprises

INTRODUCTION

Accounting is an information system that provides reports to interested parties about the economic activities and conditions of a company/organization. (Warren, et al., 2005). Accounting classification can be divided into two; a) Operationally, accounting is a set of knowledge that studies techniques/engineering services provider in the form of financial information in an economic environment; b) By process, accounting is the identification, measurement, recording, classification, decomposition, summary, presentation of financial data in a particular way (Suwarjono, 2007).

Most creative industry entrepreneurs do not have the ability to manage business finances. While the founders, investors, and creditors provide business funding opportunities. Penguu creative industry has not given serious attention in generating financial information as a basis for obtaining financial assistance in order to develop its business. Business activities undertaken so far not fully can provide benefits to the life of entrepreneurs, such as to grow and develop a more optimal creative industry. So as to provide benefits in the region’s economic growth as a prospective revenue potential. Meanwhile, the potential of existing creative industries has not been developed optimally, so it is necessary to do financial management through the implementation of accrual-based accounting efficiently and effectively. Implementation of accrual-based accounting is expected to achieve the goal of developing the potential of the region to further improve productively.

* Corresponding author
Email address: gidboediono@gmail.com

The purpose of community service is to improve and develop financial recording of accrual-based business and have the ability to analyze financial information of SMEs creative industry craftsmen better so as to be independent in making business decisions. Where the target community in this service belongs to the third category, that is, the society that does not have the capability in recording the financial base accrual basis.

METHODS

This community service using case study method with direct training approach (training) in accordance with a real transaction that happened in the effort of a group of UKM community "Rungkut Berkarya” wrapping works (Indrawati, 2009; Sugiyono, 2011). Data collection using observation method and interview with the resource (entrepreneur) with cluster sample selection technique, involving five persons in each representative of the business group from each Kelurahan. Intensive assistance is done to improve the capability in the process of financial recording, through activities, namely; a) Identification of business conditions; b) Trial of financial recording and preparation of financial statements.

RESULT AND DISCUSSION

The implementation of community service is done by several stages of training as follows:

a. Identification of business conditions. Constraints that many faced by groups who have minimal skills. They have a simple understanding of financial recording as a means of carrying out activities that are primarily aimed at meeting household supports, which is not oriented towards long-term sustainability of the business (Heniwati, 2010).

b. Role of Financial Records. Providing an understanding of financial records has a very important role as information for the parties concerned in making decisions. With the recording will be obtained financial information to determine the operating conditions of the business. Based on the financial recording information can be used by stakeholders, such as the owner of the fund (Bank) to provide financial assistance in order to increase the scale of its business. In addition, financial information can be used as a basis for performing obligations as citizens through paying taxes (Ikatan Akuntan Indonesia, 2014).

c. Financial Records Training. At this stage the creative business craftsmen are given financial recording training which is focused on the stages of recording in the framework of preparation of financial statements. The first stage, providing training on basic documents. The basic document is information about the occurrence of financial events related to business activities. The information that should be in the basic documents, namely: the date of the occurrence of financial events, explanations describing the financial event, the amount of money in rupiah that has been issued/received, approval from interested parties in the form of signatures. Phase Two, taking notes on journal books. Journaling can be done a week or once a month. Journal books provide information about the classification of accounts that must be done to find out the accounts addressed/addressed as a basis for recording the general ledger. Journal entry is done in the order of time or date of the transaction. Information related to basic document source. And information about the Rupiah amount to be recorded in accordance with the accounts that have been determined. This journal book usually consists of 5 (five) columns. In the third stage, conduct a bookkeeping bookkeeping exercise based on information that has been obtained in the second stage. The ledger is a place or container to show mutations that occur during a certain period. Recording on the ledger can be done periodically per month. The results of the recording in the ledger will show the accumulation of debit side and credit side mutations. Both sides of the ledger can show the difference between the amount of accumulated debit sides with the accumulated amount of credit side mutations. This difference is called a book ledger balance, where the balance difference depends on the character of each ledger account. For asset accounts, generally show a debit balance, while liabilities accounts
generally show credit balances. The balances of each ledger account become the basis for presenting the financial statements, especially Balance Sheet, Profit-Loss, Changes in Equity. In the fourth stage, conduct training in the preparation of financial statements. This preparation is conducted on a one-year period. From these five stages of financial recording there is a high level of difficulty, namely at the stage of preparation of financial statements that must take into account in advance the process of adjusting account balances. Difficulties are also encountered when recording daily journal based on document/basic evidence. This is because businesses must have a certain understanding or conduct analysis in determining which accounts have an impact on the occurrence of transactions recorded on the basic documents. Accounting recording is something of a technical nature that can be achieved only by intensive training (Suwaldiman, 2005; Sutarti, and Peni, 2007; Ariefiansyah and Utami, 2013).

d. Business Assistance. To have a good understanding of the need to be accompanied on an ongoing basis in the implementation of accrual-based records. Understanding the importance of financial recording as a form of legal responsibility in conducting business activities and the form of social responsibility of the community, as well as the implementation of rights and obligations as citizens, may provide motivation for business actors to conduct business activities consistently, continuously. The accompaniment stage is conducted in order to assess and evaluate the implementation of the recording process that has been done by the business actors. Employers are gradually gaining insight into the implementation of accrual-based financial records through mentoring. Some entrepreneurs who have gained a good understanding of financial records, they volunteer their skills to other entrepreneurs. In the end, the success in accrual-based accounting applications requires motivation, seriousness and hard work on the entrepreneur self, for the realization of a society’s future prosperity.

CONCLUSION

The conclusion of the discussion can be explained as follows:

a. Understanding of accrual-based record system for entrepreneurs, especially creative industry entrepreneurs in Surabaya Surabaya sub-district requires gradual learning, especially understanding the purpose of business financial information and the benefits of applying the financial record system.

b. The implementation of an accrual basis-based system requires the support of those who understand the recording process adequately, in this case the support of the academic community in the College in the form of community service.

c. Motivation, seriousness and hard work need to be grown from every individual entrepreneurs in implementing accrual-based accounting system appropriately and consistently to realize the welfare of society.

d. The gradual and sustained support from various parties, both in the form of considerable attention, policies and regulations can provide certainty on the sustainability of the creative industries business.

ACKNOWLEDGEMENT

The authors thanks to university for all the support that has been given until this research is complete.

REFERENCES


