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Liability Analysis of Financial Statements According to ISAK 35 (Case Study: SMK Muhammadiyah 2 Surabaya)

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Abstract

SMK Muhammadiyah 2 Surabaya is a Vocational High School which was established under the auspices of the Mahammadiyah Karangpilang Branch Manager which has problems of lack of accountability and preparation of financial statements according to ISAK 35. This has not been implemented by SMK Muhammadiyah 2 Surabaya schools which have not adopted ISAK 35 financial statements. This study aims to analyze the preparation and determine the treatment of accountability for financial reports at SMK Muhammadiyah 2 Surabaya. In this study, the method used is a qualitative method and uses a descriptive approach and the data collection technique used is primary data and secondary data collected by means of interviews, documentation, observation, and the technique used is data analysis. The results of this study are that the financial statements of SMK Muhammadiyah 2 Surabaya are not in accordance with the financial statements of ISAK 35 because there is no implementation from schools regarding ISAK 35. Suggestions for SMK Muhammadiyah 2 Surabaya to hold training on ISAK 35 financial reports.

Keywords:
Analysis, Financial Statements, ISAK 35.

1. Introduction

According to the 2001 Law on Foundations, "Foundations are legal entities consisting of assets that are separated and intended to achieve certain specific goals in the social, religious and humanitarian fields that do not have members". Foundations also have a legal umbrella in Law No. 28 of 2004 concerning Foundations, which are the principles of public accountability and transparency. The financial report is a report that shows the performance of an entity in one period, especially in non-profit oriented entities. Financial statements are used as a tool to measure how well an organization's management carries out responsibility for the resources provided by the funder to be used as best as possible given by the funder. to use. ISAK 35 provides guidelines for the presentation of financial statements for entities with non-profit activities to present their financial statements. The characteristics of non-profit-oriented entities are different from profit-oriented business entities. The basic main difference between a non-profit oriented entity and a profit-oriented business entity lies in the way a non-profit oriented entity obtains the resources needed to carry out its various operating activities. Entities with non- profit activities in this Interpretation further refer to non-profit oriented entities. A non-profit oriented entity obtains resources from resource providers who do not expect repayment or economic benefits commensurate with the amount of the resources provided. Non-profit oriented entities can make adjustments to the description used for certain items contained in the financial statements. The presentation of the financial statements of non-profit entities contains (1) a statement of financial position; (2) comprehensive income report; (3) report on changes in net assets; (4) cash flow statements and (5) notes to financial statements. ISAK 35 is applied with the aim of showing accountability or information that has high relevance and completeness according to financial accounting standards for the funds obtained, so that the financial statements can be understood and understood by all users of the financial statements (stakeholders).

2. Literature Review

2.1. Public Sector Accounting

Public sector accounting is accounting used by public institutions as a means of accountability to the public. Public sector accounting is closely related to the application and treatment of accounting in the public domain, has a wider and more complex area than the private or business sectors. The size of the public area is not only due to the wide type and form of organization in it, but also the complexity of the environment that affects public institutions. The role of public sector accounting is intended to provide public services in order to meet public needs. The function of the public sector can actually be carried out by the private sector. However, for certain roles and tasks the existence of the public sector cannot be replaced by the private sector.

2.2. Transparency (Transparency)

Transparency of public financial management is a principle of good governance that must be carried out by public sector organizations. Transparency means the government's openness in providing information related to public resource management activities to parties who need information. The government is obliged to provide financial information and other information that will be used for decision making by interested parties. Transparency will ultimately create horizontal accountability between the local government and the community so as to create a clean, effective, efficient, accountable and responsive local government to the aspirations and interests of the community. Transparency is a principle that guarantees access or freedom for everyone to obtain information about the administration of government, namely information about the policy making process and its implementation as well as the results achieved.

2.3. Accountable

According to Permendagri, (2014) village finances are managed on the basis of transparent, accountable, participatory principles and are carried out in an orderly and budgetary discipline. The principle of public accountability is a measure that shows how large the level of conformity of service delivery with the size of external values or norms held by stakeholders with an interest in the service. Accountability can be interpreted as the obligations of individuals or authorities who are entrusted with managing public resources and those concerned, with them to be able to answer matters concerning their accountability. In terms of village financial management accountability, it can be interpreted as a manifestation of the village head's obligation to account for the village financial management entrusted to him in order to achieve the goals that have been set through the media of periodic accountability.

2.4. Foundation

Foundations in the field of education really need an accounting information system in financial management so that financial reports have accuracy and can be accounted for. One of the foundations engaged in education is a private school, one of which is SMK Muhammadiyah 2 Surabaya. So far, SMK Muhammadiyah 2 Surabaya in presenting financial reports uses an application based on a non-profit accounting information system, namely SIAPM. Until now there has never been a check to determine the suitability of the financial statements produced by the SIAPM application with the ISAK 35 standard. There are several other SIAPM products, including the following:

1. Multi Database

SIAPM (Muhammadiyah College Accounting Information System) can be used using different databases on one computer, this helps the user if you want to separate the database by activity, year or by certain donors.

2. Portable

Very strong in terms of portability but too address if used client-server based, in this edition SIAPM uses an offline system. Program and Project Budget

2.5. Nonprofit Organization

ISAK 35 (Interpretation of Financial Accounting Standards) The Financial Accounting Standards Board of the Indonesian Accounting Association has ratified on April 11, 2019. ISAK 35 is the presentation of non-profit-oriented entity financial statements that are effective for the financial year period starting January 1, 2020. Non-profit organizations originate from said organization and non-profit. Previously, non-profit organizations were regulated by Statement of Financial Accounting Standards 45 (PSAK 45) revised 2017 which has now been replaced by ISAK 35. The difference between PSAK 45 and ISAK 35 lies in temporarily binding net assets into net assets with restrictions. unbound net assets into net assets without restrictions (Diviana et al., 2020). Organization comes from the Greek "organ" which means "tool". In a general sense, the organization can be understood as a tool or container for a group of people who gather and work together in a structured way to achieve certain goals or a number of goals that have been set together (Janis & Budiarso, 2017). Organizational planning is very important to do to anticipate conditions in the future. For each type of organization, the planning system is different depending on the level of uncertainty and environmental stability faced by the organization, hence the need for an increasingly complex and sophisticated planning system. A non- profit organization is an organization that has a main goal or objective to support issues or matters in attracting public attention with non-commercial purposes, without paying attention to things that are looking for profit or profit. Characteristics of non-profit organizations include: non-profit organizations have resources from providers who do not expect returns or economic benefits, produce goods or services with no profit goal, and have no ownership in the organization (Widhawati et al., 2021). The purpose of non-profit organizations is certainly related to the interests of the general public and does not prioritize profit or profit in carrying out its activities. The main goals of non-profit organizations are education, social services, political protection and recreation (Aiman & Rahayu, 2019). So, non-profit organizations can be useful and help the government by creating a country with a prosperous majority of people. Because non-profit organizations are not profit-oriented. Characteristics of Non-profit Organizations are different from business organizations. The main fundamental difference lies in the way non-profit organizations obtain the resources needed to carry out all their operating activities. Non-profit organizations derive their resources from the contributions of members and other donors who do not expect anything in return from the organization. As a result of these characteristics, in non-profit organizations certain transactions arise that rarely or even never occur in business organizations, such as receiving donations (Pontoh, 2013). Non- profit organizations are divided into two, namely non-profile and non- governmental entities. Non-profile organizations have quite a lot of differences with profile-oriented organizations by customers, donors and volunteers, government, employees of non-profile organizations and organizational members. Non-profit organizations have a primary goal for a non-commercial purpose, without seeking the profits required in a non-profit organization (Yolanda & Panjaitan, 2021). The forms of Non-profit Financial Statements are: Statements of financial position, comprehensive income reports, reports on changes in net assets, cash flow statements and notes to financial statements.

2.6. Frame of Thinking

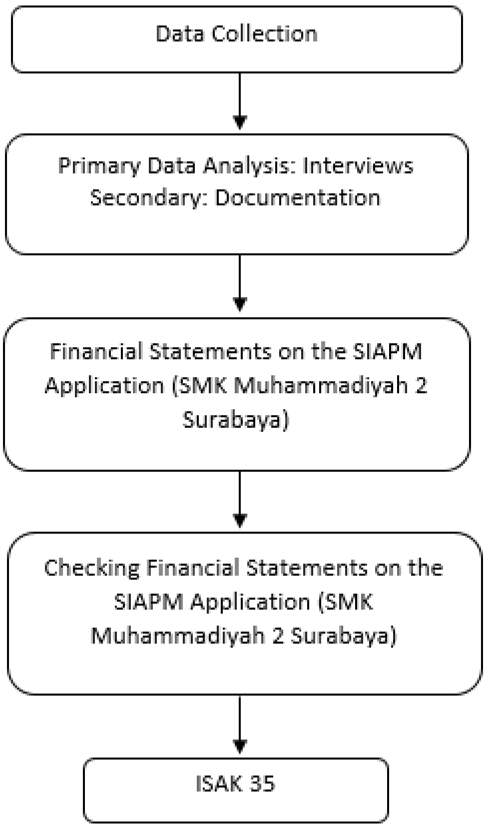

Figure 1. Frame of Thingking

3. Reaserch Method

The research method used is qualitative with descriptive method. Data collection techniques used are primary data and secondary data collected by means of interviews, documentation and observation. The data analysis techniques used in this study are:

1. Pattern Matching, which compares patterns based on empirical data with predicted patterns. Where, if there are similarities between the two patterns, then the results can strengthen the internal validity of the case study in question. In this study, the researcher compares the predicted pattern with the empirical pattern or the results of observational data, interviews and documentation.
2. Explanation of data (Explanation Building), which analyzes the case study data concerned by building an explanation of the case. In this study, an explanation of pattern matching was carried out so that the data obtained were more specific and could be concluded.
3. Prepare financial reports of SMK Muhammadiyah 2 Surabaya with the non- profit organizational cycle contained in ISAK 35 which makes comprehensive income reports, reports on changes in net assets and cash flow statements
4. Concluding the results of analytical research that has been carried out on the financial statements of SMK Muhammdiyah 2 Surabaya. Results and Discussion

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3.1. Overview of SMK Muhammadiyah 2 Surabaya

SMK Muhammadiyah 2 Surabaya is a Vocational High School which was established under the auspices of the Karangpilang Mahammadiyah Branch Manager on January 6, 2020 and is managed by a Centralized Financial Management Pattern. SMK Muhammadiyah 2 Surabaya is located on Jalan Mastrip VIII – F, Warugunung Kel, Kec. Karangpilang, Surabaya City, East Java.

Currently led by Mrs. Hj. M. Mas'ulah, ST, MM which was previously led by the late Bpk. Drs. H. Sunadji. SMK Muahammadiyah 2 Surabaya has 4 majors, namely, Computer Network Engineering (TKJ), Multimedia (MM), Catering and Hospitality. Each class contains 32 students. The services of SMK Muhammadiyah 2 Surabaya are supported by 5 structural human resources (HR), 6 staff, and 5 educational staff.

The operational activities of SMK Muhammadiyah 2 Surabaya come from school payments from individual students and assistance/grants from the central government in the form of BOS funds. These operational activities will be recorded and summarized into a financial report. This financial report can be recorded at any time, the report can be made into monthly, quarterly, semi-annual and one year/one accounting period depending on the policies of the company or the foundation itself.

Currently, the financial reports at SMK Muhammadiyah 2 Surabaya have eight reports, namely receipts journal, expense journal, general journal, trial balance, budget realization, activity report, financial position report, ledger. Cash disbursements relate to office operational costs, routine activities and annual programs as well as other expenses.

3.2. Financial Report of SMK Muhammadiyah 2 Surabaya

The financial statements of SMK Muhammadiyah Surabaya are not in accordance with ISAK 35, namely presenting the financial statements of non- profit-oriented entities and providing guidelines in the presentation of financial statements for non-profit-oriented entities.

SMK Muhammadiyah 2 Surabaya compiles financial position reports, receipts journals, expense journals, general journals, balance sheets, budget realizations, activity reports, ledgers. The accounting process made by SMK Muhammadiyah 2 Surabaya is as follows:

1. Account code generation

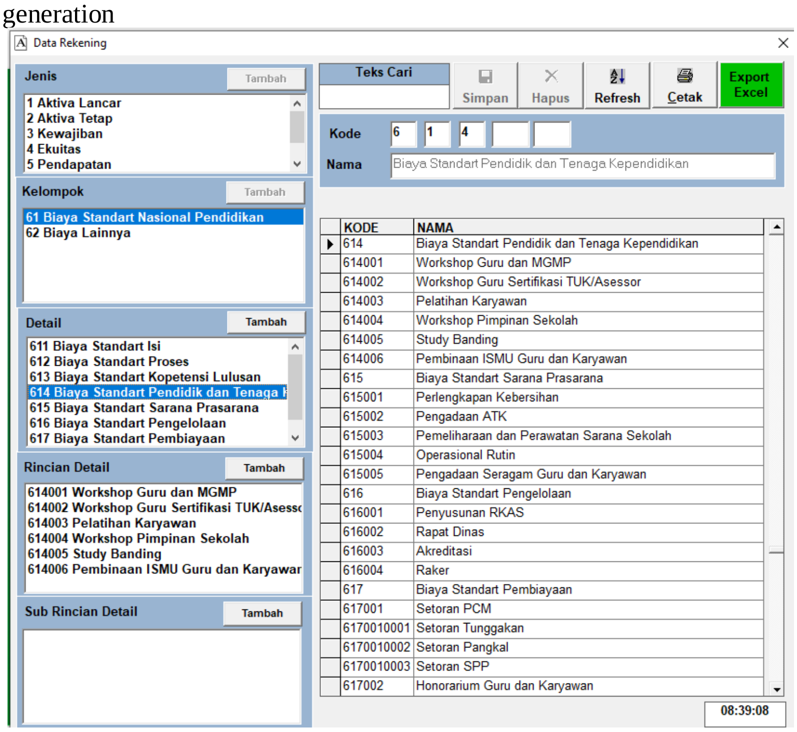

Figure 2. Financial Report of SMK Muhammadiyah 2 Surabaya in accordance with ISAK 35

2. Statement of Financial Position

Table 1. Statement of Financial Position

SMK Muhammadiyah 2 Surabaya Statement Of Financial Position Period June 2021		
Asset		
Current Assets	Rp. 665,020,012	
Interest Receivable		
Short-Term Investment		
Other Current Assets		
Total Current Assets	Rp. 665,020,012	
Non-Current Assets		
Laboratory Equipment	Rp. 2,452,993,000	
Accumulation of Laboratory Blockages	-Rp. 1,417,058,530	
Learning Support Equipment	Rp. 478,162,500	
Accumulated Learning Support Equipment	-Rp. 320,989,471	
Office Equipment	Rp. 258,317,500	
Accumulated Office Depreciation	-Rp. 271,400,002	
Building	Rp. 4,100,000,000	
Accumulated Building Depreciation	-Rp. 55,000,000	
Car	Rp. 172,447,000	
Accumulated Car Depreciation	-Rp. 34,489,400	
Soil	Rp. 1,311,000,000	
Total Non- Current Assets	Rp. 6,673,982,597	
Total Assets		Rp. 7,339,002,602
Liability		
Short-Term Liabilities		
Upfront Revenue Received		
Short-Term Debt		
Total Short-Term Liabilities		
Long-Term Liabilities		
Long-Term Debt		
Total Long-Term Liabilities		
Total Liabilities		
Net Assets		
No Restrictions	Rp. 7,339,002,609	
With Restrictions		
Total Liabilities and Net Assets		Rp. 7,339,002,609

3. Comprehensive Income Report

Table 2. Comprehensive Income Report

SMK Muhammadiyah 2 Surabaya Comprehensive Earning Report Period June 2021		
No Restrictions from The Resource Provider		
Income		
Infaq Money Fund Receipts	Rp. 64,516,924	
Receipt of Registration Funds	Rp. 11,200,000	
Receipt of DPP / Base Fund	Rp. 99,387,500	
Tuition Acceptance DPP	Rp 1,044,800,000	
Receipt of Funds PAS	Rp 176,990,000	
Receipt of Pre-Employment Funds	Rp 205,569,900	
Receipt of extracurricular funds	Rp 103,555,000	
Receipt of Activity Funds	Rp 15,085,000	
Receipt of Evaluation Fund	Rp 6,200,000	
Receipt of Evaluation Fund	Rp 2,200,000	
Receipt of Relief Funds	Rp 992,172,000	
MTC Fund Receipts	Rp 9,555,000	
Service Services		
Short-Term Investment Income		
Long-Term Investment Income		
Bank Revenue Share Receipts	Rp 9,138,132	
Total Revenue		Rp 2,731,231,324
Burden		
Electricity, Water & Phone Charges	Rp 75,615,800	
Teacher and Employee Salary Costs	Rp 87,245,000	
Consumption & Printing Costs	Rp 16,882,700	
Official Travel Expenses	Rp 50,312,400	
Practical Exam Fees	Rp 56,106,000	
Cost of Consumables and Tools	Rp 2,227,900	
PAS Fee	Rp 63,000,000	
Bank Administration Fee	Rp 2,100,000	
Bank Tax Fees	Rp 1,835,927	
Recreation Fee	Rp 4,589,958	
Cost of Death	Rp 3,500,000	
Workshop Fee	Rp 22,076,500	
Book & LKS Procurement Costs	Rp 104,341,800	
Cost PPDB	Rp 69,548,700	
Olympic & Competition Fees	Rp 9,357,000	
Cost of Extracurricular Activities	Rp 32,138,500	
Graduation Fee	Rp 47,861,700	
Professional Fees for Teachers & Employees	Rp 70,990,900	
ATK Procurement Costs	Rp 15,640,400	
School Facilities Maintenance Costs	Rp 96,494,600	
Official Meeting Fee & PROKER	Rp 19,963,000	
Pre-employment Fees	Rp 20,155,684	
SPP Deposit Fees	Rp 344,816,667	
Underprivileged Student Aid Fees	Rp 12,225,000	
Car Depreciation Expense	Rp 34,489,400	
Office Equipment Depreciation Load	Rp 56,453,900	
Laboratory Equipment Depreciation Load	Rp 731,289,583	
Building Depreciation Expense	Rp 55,000,000	
Learning Support Depreciation Load	Rp 93,342,606	
Total Load		Rp 2,199,601,625
Surplus (Deficit)		Rp 531,629,699
Total Comprehensive Income		Rp 531,629,699

4. Statement of Changes in Net Asset

Table 3. Statement of Changes in Net Asset

SMK MUHAMMADIYAH 2 SURABAYA NET ASSET REPORT NET ASSETS WITHOUT LIMITERS FROM RESOURCE PROVIDERS	
Initial balance	Rp. 7,870,632,308
Current year surplus	Rp. 531,629,699
Final Balance	Rp. 7,339,002,609
Other Comprehensive Income	
Initial balance	-
Current year Comprehensive Income	-
Final balance	-
TOTAL NET ASSETS	Rp. 7,339,002,609

5. Cash flow statement

Table 4. Cash flow statement

SMK Muhammadiyah 2 Surabaya Cash Flow Statement Period June 2021	
Operating Activities	
Cash from donations	Rp. 2,731,231,324
Cash paid to employees	Rp. 87,245,000
Cash paid for transportation	Rp. 34,489,400
Cash paid for free operation	Rp. 148,342,606
Cash paid for other expenses	Rp. 787,743,483
Cash paid for electricity, water, and telephone	Rp.75,615,800
Net Cash from operating activities	Rp. 1,597,795,035
Investment Activity	
Indemnity from fire insurance	-
Purchase of equipment	-
Receipts from the sale of investments	-
Investment purchases	-
Net Cash used for investment activities	-
Funding Activities	
Acceptance of donations restricted to	-
Investment in endowments	-
Building investment	-
Other funding activities	
Interest is limited for reinvestment	-
Net Cash used for funding activities	-
Net Cash Increase (Decrease) and Cash Equivalents	Rp. 1,597,795,035
Cash and cash equivalents at the beginning of the period	Rp. 932,775,023
Cash and cash equivalents at the end of the period	Rp. 665,020,012

After the presentation of the above financial statements. The following is an explanation of the above financial statements:

1. Statement of Financial Position
    1. Asset

In the statement of financial position of SMK Muhammadiyah 2 Surabaya, assets in the statement of financial position consist of current assets consisting of cash and cash equivalents. Cash and cash equivalents are obtained from donations/infaq and receipts of SPP funds and others.

2. Net Assets

In the statement of financial position of SMK Muhammadiyah 2 Surabaya, net assets consist of unrestricted net assets. Unrestricted net assets are resourcing whose use is not restricted. Unrestricted net assets are obtained from net assets at the beginning of the month and then reduced by expenses for the month.

3. Comprehensive Income Report

In the financial statements of SMK Muhammadiyah 2 Surabaya, it consists of funds without restrictions. Unrestricted funds are obtained from donations and receipts of funds so as not to limit their use.

4. Net Asset Report

In the statement of changes in net assets, the entity presents information on other comprehensive income, then classified according to the class of net assets.

5. Cash Flow Statement

The cash flow statement contains a number of information regarding the entry and exit of money. Cash flow consists of three (3) activities including operating activities, investing activities, and financing activities.

At SMK Muhammadiyah 2 Suarabaya, it only contains operating activities, where operating activities consist of income derived from donations/infaq. And expenditures are used to pay for expenses such as financing teacher and employee salaries, operating expenses and transportation expenses and financing electricity, water and telephones.

6. Notes to Financial Statements

The notes to the financial statements contain in addition to the information presented in the financial statements. At SMK Muhammadiyah 2 Surabaya, they have not made notes on the financial statements.

4. Conclusion

Based on the results of the analysis and meetings obtained regarding the implementation of ISAK 35 at SMK Muhammadiyah 2 Surabaya, the following conclusions were obtained:

1. Financial recording at SMK Muhammadiyah 2 Surabaya still has not implemented the preparation of financial statements in accordance with ISAK 35, because in making financial statements it only refers to budget realization
2. In the SIAPM application, which is managed by SMK Muhammadiyah 2 Surabaya, it is still not in accordance with ISAK 35 and in the SIAPM application the reporting is the same as reporting to excel at SMK Muhammadiyah 2 Surabaya.
3. Financial reporting at SMK Muhammadiyah 2 Surabaya

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