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Preface

Journal of Applied Sciences in Accounting, Finance, and Tax is a forum provided for researchers, both from universities, practitioners and the industrial world. The publication is a result of research, studies or ideas on Accounting, Finance, and Tax.

JASAFINT is published with a focus and scope on issues on Accounting (Financial Accounting, Management Accounting, Public Accounting, Auditing, and Accounting Information Systems), Finance (Capital Market, Financial Statements Analysis, and Financing), and Tax (Income Tax, VAT, Tax Audit, and Tax Accounting).

Managed by the Department of Accounting and published by Politeknik Negeri Bali Research and Community Service Center (P3M-PNB), this journal is intended to disseminate scientific knowledge and the application of the Accounting, Finance and Tax and is expected to be able to broaden the readers' perspective and enrich the scientific repertoire.

Published on April and October (since 2018), the journal accepts articles in English with mentioned format: research results, literature studies and work reports in line with the focus and scope of JASAFINT.

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Preference Government Regulation No 23 of 2018 with General Income Tax Scheme

Nufer L D*, I N Darmayasa, and I N Mandia

Accounting Department Politeknik Negeri Bali

Jalan Kampus Bukit Jimbaran, Kuta Selatan, Badung, Bali – 80364

*E-mail: lupikadani@gmail.com

Abstract: This study aims to compare between Government Regulation No. 23 of 2018 (PP 23) with the general income tax scheme to find out the most appropriate and profitable method for Small and Medium Enterprise. This research used qualitative analysis technique. Data is collected through interviews with entity owner, tax consultant, and tax academic. The informant's perspective that PP 23 is fair, optional, and educational. Taxpayers prefer to use PP 23 because it's simpler than the general scheme, even though making it a higher tax payment. The preference of informants related to PP 23 is more profitable than PP 46. Consultant and tax academic believe that PP 23 can improve tax compliance. There are concerns that taxpayers who prioritize rationality will use policy loopholes to develop aggressive tax planning. This finding is an alternative to legal tax planning and as an alternative to making tax policies to encourage small and medium enterprises. This research has some novelty, PP 23 is a substitute policy of PP 46 believed to be more fair and hasn't been widely studied, this research using qualitative method refers to comparative to complementing previous research, and research contributions are very useful for taxpayer education that are in line with the government's program to increase the small and medium enterprise class.

Keywords: *PP 23, general scheme, tax compliance, small and medium enterprises, preference*

1. Introduction

Tax compliance in Indonesia is still very low even though taxes have a very important role in the life of the state. For those countries, taxes are one of important source of revenue used to finance state expenditures. Conversely, for taxpayers, tax is a burden that will reduce net income [1]. In its implementation there are differences in interests between taxpayers and the government. Taxpayers try to pay taxes as small as possible because by paying taxes means reducing the economic ability of taxpayers. On the other hand, the government needs funds to finance the government administration.

The government is trying to maintain the continuity of tax revenues by continuing to make various efforts to increase state revenues from the tax sector, especially taxes from small and medium enterprises. In the modern market economy, small business plays an important role. Organization of small business should solve the problem of employment, population welfare improvement, contribute to the maintenance of a competitive environment, and practical innovation. But the existence of a small business is almost impossible without the active support of the state, which should be to develop a variety of programs to promote small businesses, including the formation of tax policy to stimulate its development [2].

There is a view that the method of calculating tax is difficult for small and medium enterprise with minimal recording or accounting capabilities [3]. The difficulty of small and medium enterprise actors in calculating income tax payable, prompted the government to make new policies to increase tax revenues. Initially there were tax provisions that regulated the special rate of income tax for small and medium enterprise but only applies to those in the form of business entities. In the article 31E Income Tax Law No. 36 of 2008, it is stated that domestic corporate taxpayers with gross income up to IDR 50 billion receive facilities in the form of a 50 percent rate reduction. With the current corporate income tax rate of 25 percent, then for domestic corporate taxpayers who fulfill the requirements, the effective rate becomes 12.5 percent of income up to IDR 4.8 billion. Imposition of income tax in this case is carried out on taxable income calculated from the calculation of accounting profit and loss after fiscal correction, because based on article 28 paragraph (1) General Provisions and Tax Procedure No. 28 of 2008, corporate taxpayers have to make bookkeeping.

Organizing bookkeeping is an obstacle for most small and medium enterprises, the obstacle of developing small and medium enterprise in addition is low education and lack understanding of technology, are also constrained in the preparation of financial statements. Regarding the small and medium enterprise tax rate, the government has made several policies to encourage tax revenues. In 2013, the government made a tax policy, namely Government Regulation Number 46 of 2013 [4]. which was implemented starting July 1, 2013. The main regulation in PP 46 is the imposition of income tax rate of 1 percent of gross income each month on income from the business of taxpayers who have gross income not to exceed IDR 4.8 billion in one year, this regulation is made by the government with hope that can increase tax compliance, then encouraged to carry out tax obligations so that the tax revenue target can be achieved. However, since PP 46 regulates income from business of taxpayers who have certain gross income, there are many pros and cons related to this rule.

Based on previous research, many people considered that this policy was less favorable for Indonesia's economic growth which was sufficiently dependent on the informal sector in the midst of the global economic downturn [5]. PP 46 will be beneficial for taxpayers who set a profit margin above 8 percent because the tax payable is smaller than the rate of article 17 paragraph (1). Conversely, taxpayers whose profit margins are below 8 percent will pay greater taxes than the rate application of article 17 paragraph (1) [6]. PP 46 is generally good, but evaluation is still needed [7]. Research by [8] using critical qualitative methods criticizing PP 46 with the conclusion of PP 46 is unfair and only prioritizes simplicity for tax revenues. Various criticisms and feedback finally paid, the government opens the heart to revise PP 46.

In June 2018, the government launched a new policy on taxation for small and medium enterprises contained in Government Regulation No. 23 of 2018 [9] in response to the realization of a more impartial policy. PP 23 is expected to be able to increase public awareness of its tax obligations, bearing in mind that in the previous regulation PP 46 reaped many pros and cons in fulfilling taxpayer tax obligations. The results from various existing researches related to the injustice of PP 46, the complexity of regulations, and the ineffectiveness of tax planning provide inspiration for the authors to examine the new policy of PP 23. It is interesting to examine the entities that established within the validity period of the PP 23. The object of this research is UD Baja which is engaged in the business of selling building materials. UD Baja was established in Denpasar, July 2018. UD Baja does not have tax obligations related to Value Added Tax, because it has not yet been confirmed as a taxable enterprise for VAT purposes. UD Baja's tax obligations are limited to the deduction and collection of Income Tax Law Article 21, along with their own obligations Income Tax Law Article 25 and Income Tax Law Article 29. With the choice in accordance with the provisions in Income Tax Law Article 17 paragraph (1) or PP 23 Article 2 paragraph (2), provide an opportunity for UD Baja to formulate tax plans legally. UD Baja can choose to use the rate in Income Tax Law Article 17 paragraph (1) of 5 percent to 30 percent in accordance with the level of taxable income or PP 23 Article 2 paragraph (2) with a final income tax rate 0.5 percent of income obtained by domestic taxpayers who have certain gross income. If UD Baja chooses to use a final income tax of 0.5 percent, hoped that it will be able to increase tax education

towards the general scheme, considering that the final income tax cannot always be used by taxpayers for a long time.

The purpose of this research was to examine technically the comparison of general scheme with PP 23 in UD Baja and to find out the most appropriate and profitable tax calculation mechanism for UD Baja. This research has some novelty, i.e.: 1) PP 23 is a substitute policy of PP 46 which is believed more fair and has not been studied much, 2) research methods using qualitative methods refer to comparative studies with hope of complementing previous research, and 3) contributions research is very useful for taxpayer education that is in line with government programs to improve the small and medium enterprise class rather than just collecting taxes.

2. Literature Review

2.1 *Government Regulation No 46 of 2013 (PP 46)*

The complexity of the income tax system underlies the taxpayer's noncompliance behavior [10]. In order to improve tax compliance, in 2013 the government made a tax policy namely PP 46 which was implemented starting July 1, 2013. Tax rates on PP 46 amounted to 1 percent of taxpayer turnover that did not exceed IDR 4.8 billion in one tax year. PP 46 actually contains the three main objectives of orderly administration, transparency, and increasing community contributions in the field of development [5].

2.2 *Government Regulation No 23 of 2018 (PP 23)*

PP 23 was published on July 1, 2018 as a substitute for PP 46. The final rate dropped from 1 percent to 0.5 percent. However, this provision is optional because taxpayers can choose to follow rate with a final income tax law of 0.5 percent or use a general scheme that refers to article 17 of Income Tax Law. This optional gives benefits to taxpayers because for personal taxpayers and entities that have not been able to make financial statements in an orderly manner, the application of the final rate 0.5 percent makes it easy for them to carry out tax obligations. Because, the tax calculation becomes simple, namely 0.5 percent of gross income. However, the implementation of final income tax has the consequence that taxpayers must pay taxes even though they are in a state of loss. Meanwhile, corporate taxpayers who have done financial statement properly can choose to be subject to income tax based on the general scheme in Article 17 of the Income Tax Law. Consequently, the calculation of income tax rates will refer to the layer of taxable income. In addition, taxpayers are also free from payment of income tax if they got losses. The taxpayer's income threshold subject to Final Income Tax has not changed, which is worth IDR 4.8 billion. The value limit is explicitly targeting small and medium enterprise as tax targets. However, not as same as PP 46, PP 23 has a time limit. The time limit given for taxpayers who want to take advantage of the final 0.5 percent rate is 7 tax years for individual taxpayers, 4 tax years for corporate taxpayers in the form of cooperatives, CVs, or firms and 3 tax years for taxpayers in the form of PT. After the deadline expires, the taxpayer will use the general scheme in article 17 of the Income Tax Law. This is intended to encourage taxpayers to carry out bookkeeping and business development.

2.3 *Differences Between General Income Tax Scheme with PP 23*

The difference between general scheme with PP 23 can be seen from three aspects, i.e. the tax base, rates, and reporting. Tax base on general scheme is the net income of company which is obtained from the result of reducing the company's income with operational costs. Tax base in PP 23 is gross sales every month. In PP 23, a business entity does not need to make an income statement because the tax base comes from the company's sales report. In addition of tax base, differences between general scheme with PP 23 is the tax rate. Corporate taxpayers with gross income up to IDR 50 billion receive deduction facilities in the form of 50 percent and multiplied by 25 percent according to article 17 paragraph 1 b. Especially for individual taxpayers in Article 17 paragraph 1 a with progressive rate from 5 percent to 30 percent. While the PP 23 income tax rate is 0.5 percent of sales turnover. The difference between the general scheme and PP 23 is not only tax base and tax rate, other aspects are procedures for reporting. In a general scheme, companies report tax payable on their periodic tax return and annual tax return,

while PP 23 only reports annual tax return because the income tax paid by the company is final, so the annual tax return is nil.

2.4 Empirical Study

Using PP 46 will provide facilitation of tax for companies and provide benefits by paying less tax each year [11]. [12] also shows that the amount of income tax payable uses PP 46 is smaller than using a general scheme. The opposite is conveyed by [13] with the results of his research which show that it is more beneficial to use the general scheme than using PP 46. This is because the entity suffers a fiscal loss and can compensate for the loss the following year, if it is not required to use PP 46. In line with Haryati & Noviyari, [14] also concluded that the results of the comparison of tax calculations with general scheme were more profitable compared to the final tax method. On the other hand, research by [6] concluded that the application of PP 46 had a positive impact on increasing income tax revenues. The most significant increase occurred in the trade sector compared to the service and manufacturing sectors. This happened because the trade sector taxpayers benefited from the implementation of PP 46. The illustration of the break-even point between the application of general scheme and PP 46 occurs at the 8 percent profit margin level. This means that taxpayers who set a profit margin above 8 percent will benefit from the application of PP 46, because the tax payable is smaller than the rate of general scheme. Conversely, taxpayers whose profit margins are below 8 percent will pay more taxes if using PP 46 than the rate of general scheme. More complex things were also conveyed by [8] concluded that the 1 percent final income tax policy contained in PP 46 was not accordance with the principle of tax justice. The principle of justice that was violated, i.e. was the first of these policies did not consider the economic capability of the object of tax, because it was deducted from gross income not from the profit margin. Second, this policy violate the non-taxable income concept as a minimum cost of survival in accordance with PMK 122 / PMK.010 / 2015 regarding the size of the non-taxable income. Third, this policy do not provide space for small and medium enterprise that suffer losses to receive compensation for their losses. PP 46 policy is also a setback from the concept of the self-assessment system that was implemented since tax reform in Indonesia.

3. Research Methods

This research is a qualitative research that complements previous PP 46 researches with comparative studies. Although the results of the research cannot be generalized [15], a qualitative analysis technique is believed to be able to explore the scientific views of informants in the context of their knowledge and experience. [16] said that qualitative research is research that intends to understand the phenomenon of what is experienced by research subjects, such as behavior, perceptions, motivations, actions, etc. holistically and by descriptions in the form of words and language, in a natural context by utilizing various scientific methods. The author uses a qualitative research approach as an effort to find a deep understanding of PP 23 policy for small and medium enterprise. Qualitative analysis technique through interviews were conducted to provide more complex discourse [17]. The calculation of tax payments that are appropriate for UD Baja between the general income tax scheme and PP 23 is carried out with comparative studies narrated. The unit of analysis of this research is the taxation policy outlined in PP 23 for small and medium enterprise. The research data comes from various literature, data or documents related to the major theme of the research. The author conducted interviews with three research informants. The selection of informants is based on the suitability of the informant's background who can answer the research question. The classification of informants in this research were tax academic, tax consultant and owner of UD Baja. The name and institute of the informant is not his real name, according to the request from the informant. The list of informants is presented in Table 1. as follows:

Table 1. Research Informant List

No.	Informant's Name	Classification	Explanation
1	Mr. Nyoman	UD Baja Owners	Get an understanding of the taxpayer towards fulfilling his responsibility in paying tax
2	Mr. Wayan	Tax Academic	Get viewpoint of tax academic about differences between general income tax scheme with PP 23
3	Mr. Kadek	Tax Consultant	Get viewpoint of tax consultant about implementation of UD Baja's tax obligations in accordance with regulations

4. Result and discussion

4.1 Taxpayer's View of PP 46 and PP 23

UD Baja at the beginning of operations, had paid taxes following the provisions of PP 46. Mr. Nyoman, the owner of UD Baja said that his tax consultant suggested using PP 46 because he didn't know when PP 23 began to be effectively implemented. After 2 months the company operated, UD Baja used the PP 23 scheme to pay its taxes. From the explanation from Mr. Nyoman, author can conclude that the change in PP 46 towards PP 23 did not destabilize Mr. Nyoman's to continue to choose PP 23 rather than a general scheme with a preference for simplicity of regulations. Mr. Nyoman's view is in tune with the results of research related to the simplicity preference of regulations that if taxation provisions are made more simple and easily understood by taxpayers, then taxpayers tend to carry out taxation in accordance with applicable rules and regulations [18,19].

Furthermore, Mr. Nyoman described the amount of gross income and the range of profits earned each month. The results of calculating the UD Baja tax with the PP 23 scheme are lower than using the general scheme. By using PP 23, UD Baja only pays a tax of IDR 6,549,000.00 from the total gross income during the period July-December 2018 of IDR 996,633,000.00. In the interview process, the author made a simple calculation by assuming UD Baja used a general scheme. As a result of the calculation, UD Baja's payable tax was Rp. 10,144,000.00 with an 8 percent profit rate in accordance with an explanation from Mr. Nyoman. The author shows simple calculation to Mr. Nyoman with the company's total profit of Rp. 159,461,000.00 reduced by non-taxable income of Rp. 58,500,000.00 considering that Mr. Nyoman is married without dependents, with taxable income of Rp. 100,961,000.00. The author pays attention to the expression of Mr. Nyoman who looks happy after knowing that the calculation with PP 23 turns out to be lower. Mr. Nyoman considers that the 0.5% rate on PP 23 is very reasonable for small entrepreneurs like him. Mr. Nyoman's preference for PP 23 is based on the self-rationality of a taxpayer. Mainstreaming rationality is a characteristics of modern humans [20,21]. In addition to prioritizing taxpayer rationality, the author explores more deeply the preferences of taxpayers from external aspects, i.e. from PP 23 policy itself. The next discussion the author delivers on the other side PP 23 which is more fair, optional, and gives education.

4.2 PP 23 Gives a Sense of Justice, Freedom of Choice, and Education Towards General Scheme

The aspect of justice is the main thing being criticized by [8] towards PP 46. Thus, PP 23 as a substitute for PP 46 prioritizes aspects of justice which are complemented by other positive sides. Another positive side of PP 23 is the choice for taxpayers to choose PP 23 or general schemes. Furthermore, the author explores the views of UD Baja owner, tax consultant and tax academic regarding the other aspects of justice and options contained in PP 23. Mr. Nyoman as the owner of UD Baja considers that PP 23 rates are very reasonable and reflect justice especially for small entrepreneurs who just operating. Whereas tax academic and tax consultant consider PP 23 have two sides, beneficial for taxpayers whose profit

margins are higher and detrimental if the profit margin is low, so justice has not been seen, only convenience.

Differences views from taxpayers with tax academic and consultant reflect differences in knowledge and experience of informants that influence the informant's perspective. From an academic perspective, Mr. Wayan further elaborated on the other side of PP 23, namely the choice to choose PP 23 or a general scheme. Mr. Wayan explained that taxpayers can choose to use bookkeeping in accordance with article 17, the first is bookkeeping, if the bookkeeping is tidy, it is better to use a general scheme, but if the bookkeeping is still mixed personal expenses with company expenses better use PP 23. Related to there was education in PP 23 which previously was not in PP 46, Mr. Wayan added that 7 years of learning for individuals, 4 years for CV and 3 years for PT had enough time to move towards a general scheme. Mr. Wayan's view regarding the education of taxpayers to improve towards the general scheme reinforces the belief that PP 23 is a bridge to compliance. The role of education on taxpayers greatly influences the behavior of taxpayers, [22] find education from tax consultants able to deliver taxpayers to be more compliant. Likewise, the conclusion of the research from [23,24] education affects the knowledge of taxpayers on the fulfillment of tax obligations. The next discussion, the authors deliver on the government's belief that PP 23 is able to deliver taxpayers more compliant.

4.3 Can PP 23 Increase Tax Compliance?

The government hopes that PP 23 is able to deliver taxpayers into compliant taxpayers. Various positive sides of PP 23 are believed to be able to change the views of taxpayers on the weaknesses of PP 46 towards PP 23 which are more fair, provide choices, and have education. This view is psychologically believed to be able to deliver taxpayers more compliant. Mr. Wayan considers compliant taxpayers to be caused by psychological patterns and already paid with PP 46 so that there is the ability to pay, unless the taxpayer applies various strategies to avoid that. The views of tax academic on the government's belief are able to improve tax compliance seen from the psychological factors of taxpayers who feel facilitated. However, there are fears that taxpayers will use the PP 23 gap to aggressive tax planning. Given that aggressive tax planning tends to reduce the level of tax compliance [25–27]. Aggressive tax planning tends to reduce compliance and reduce tax revenue. Another implication is that the current tax ratio that is still low according to the conclusions of the research by [28] will be difficult to improve. A different view was conveyed by Mr. Kadek as a tax consultant. He said that taxpayers could make fraud by utilizing regulations so that tax payments would be smaller, but viewed from a transaction relationship it would be very difficult to occur an aggressive tax plan that triggered moral hazard, because as we know that moral hazard will occur if there is asymmetry information between taxpayer with the tax authority [29]. Mr. Kadek's statement was supported by the attitude of Mr. Nyoman who had carried out the obligation to deposit in accordance with the provisions of PP 23. Factors supporting UD Baja's compliance were internal factors and external factors. If seen from the external factor UD Baja is compliant because PP 23 is a simpler regulation. Whereas the internal factors of UD Baja are compliant because they remember rationality preferences to choose policies that are more profitable.

UD Baja is compliant in depositing and reporting income tax that has never exceeded the specified date. UD Baja's compliance in depositing the payable income tax is reflected in the results of an interview with Mr. Nyoman. He explained that all this time he always reported sales turnover in accordance with the actual conditions and never late in paying, always every month before the 10th of each month he had completed his tax obligations. In addition, Mr. Nyoman hopes that PP 23 can be extended, because not all businesses can run stable within 10 years. From Mr. Nyoman's statement, the author concludes that Mr. Nyoman supports PP 23, with a simpler consideration and makes it easier for Mr. Nyoman to fulfill his tax obligations. Mr. Nyoman's preference for PP 23 from external factors related to PP 23 policy is a policy that is more impartial to taxpayers that previously did not exist in PP 46. It is believed that impartial policies are able to move the hearts of taxpayers to be more compliant [30,31].

5. Conclusion

Based on a comparative analysis of PP 23 with a general income tax scheme, the amount of UD Baja's tax payable using PP 23 is lower than using a general scheme. The difference is IDR 20,987,000.00. As a result of the calculation of the lower income tax using PP 23 compared to the general scheme, the appropriate scheme for UD Baja is PP 23. UD Baja considers that the calculation of the tax payable using PP 23 rather than using a general scheme is easier and more profitable. Even though UD Baja was wrong in determining its tax calculation using PP 46, this instead UD Baja to prefer PP 23 rather than the general scheme with a preference for simplicity of regulations.

The simplicity consideration of PP 23 outperforms the consideration of the amount of tax to be paid if the results is general scheme lower than PP 23. Research informants consider that PP 23 is a fairer policy, accommodates choices, and provides taxpayers with education to improve towards a general scheme. Tax consultant and tax academic believe PP 23 which is better than PP 46 is able to increase tax compliance with records taxpayers do not conduct aggressive tax planning. The informants' views are in line with the government's high hopes to educate Small and Medium Enterprise, not just collecting taxes.

The limitation of this research is that it has not been able to explore the views of the government that composes the PP 23. It is expected that in the next research it will be able to involve the government as an informant. The scope of business that is the object of research with a different percentage of profits affects the results of research, so it is expected that the next research will be able to analyze other types of businesses.

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Analysis of Account Receivable Control to Minimize Uncollectible Receivable Risk at Novotel Bali Benoa Hotel & Resort

K A L Dewi*, I W Karman, P Subiyanto

Accounting Department Politeknik Negeri Bali

Jalan Kampus Bukit Jimbaran, Kuta Selatan, Badung, Bali - 80364

*E-mail: ayu.lusyana.dewi@gmail.com

Abstract: The purpose of this research was to determine the credit policy at Novotel Bali Benoa Hotels & Resorts, to determine the performance of accounts receivable at Novotel Bali Benoa Hotels & Resorts and to find out how much the allowance for receivable losses should be established at Novotel Bali Benoa Hotels & Resorts. It uses a descriptive method for analyzing. Data used in this research are aging schedules, balance sheets, total credit sales, credit policy, and credit application forms. The analytical tool used in this research is 5C analysis to analyze the crediting standards, the credit policy used to analyze the compliance of receivables collection, the ratio related to accounts receivable and the allowance for receivable loss methods used to analyze the control of receivables. The results of this determination show that the credit policy implemented is not optimal because the hotel management does not pay attention to the 5C analysis in determining the prospective debtor and collecting bad debts. The performance of receivables measured by the ratio is not fulfilled maximum; this is attributed to the four sub-accounts held by only one sub-receivable that has good results. Allowance for losses from receivables that must be formed is IDR 509,663,985 in 2016, IDR 353,517,143 in 2017 and IDR 504,832,719 in 2018.

Keyword: *receivable control, uncollectible receivable, account receivable ratio*

1. Introduction

The increased fierce competition in the business world has made companies begin to implement the best strategies they have to obtain optimal profits with effective and efficient decisions to be able to compete and survive in every situation. The strategy that can be applied by companies in order to be able to win the competition is by running credit sales. Credit sales are carried out by the company by providing a certain period of time to its customers to make payments in accordance with the agreement that has been made, for that company will not generate cash receipts directly but will cause receivables to consumers called trade receivables.

Trade receivables are bills to other parties (to debtors or customers) as a result of trade sales on credit [1]. The existence of receivables provides various benefits for companies, namely increasing sales, increasing profits, winning competition, and so forth. However, receivables also pose risks such as delays in cash receipts and uncollectible accounts. Therefore, it is necessary to control receivables so that the company's goals can run as planned.

Novotel Bali Benoa Hotel & Resort is one company that applies a credit sales policy. The large percentage of income contributed by credit sales results in the arising of doubtful accounts due to late payments made. The following is presented in Table 1. Regarding the amount of doubtful accounts at Novotel Bali Benoa in 2016-2018.

Table 1. Amount of Doubtful Receivable
At The Novotel Bali Benoa Hotel & Resort in 2016-2018

Year	Amount of Receivable	Amount of Doubtful Receivable
2016	5,233,337,984	2,477,455,104
2017	5,041,920,044	2,196,488,604
2018	6,375,552,768	2,821,125,536

Based on Table 1. it can be seen that the amount of doubtful receivables from 2016 to 2018 has fluctuated. Fluctuations in doubtful accounts cause the emergence of uncertainty to be realized. For Novotel Bali Benoa Hotel & Resort which has no allocation of receivables will have an adverse effect if the uncertainty is realized. Therefore the need for controlling receivables both from credit policies or management of receivables. Based on this background, it is deemed necessary to conduct further research on controlling receivables to minimize the risk of uncollectible accounts at Novotel Bali Benoa Hotel & Resort.

2. Literature Review

2.1 Account Receivable

Receivables represent hotel rights or bills to debtors (third parties) for products and services that have been enjoyed by the debtor concerned [2]. Receivables can be classified in two ways, namely for the purpose of financial statements and classified in the balance sheet [3]. Receivables arise due to credit sales policies which will provide various benefits, namely increasing sales, increasing profits, and winning competition [4]. In addition to the benefits, accounts receivable also pose risks and costs. Risks that will arise such as the risk of not being paid all of the receivables, the risk of not being paid in part of the receivables, the risk of late payment, the risk of embedded capital [5]. As for the costs that will arise such as the cost of writing off receivables, the cost of collecting receivables, administrative costs, and the cost of funding sources [4].

2.2 Control of Receivable

Control of receivables is efforts to keep the receivables given to remain smooth, productive and not bad [6]. Control of receivables can be done by analyzing such as credit quality implies that the level of quoting is very high. Credit quality is strongly influenced by five generic variables called 5C consisting of character, capacity, capital, condition and collateral [2]. The policy of collecting a company's receivables is a procedure that must be followed in collecting receivables when it is due with the collection technique that is through letters, by telephone and personal visits [7]. Credit sales will affect a company's overall financial performance. Therefore, the management needs to assess financial performance using financial ratios that are directly related to the receivables [8]. The ratios that can be used in assessing the performance of receivables are as follows:

1) Receivable Turn Over

$$\text{Receivable Turn Over} = \frac{\text{Credit Sales}}{\text{Receivable Average}}$$

Calculate receivable average:

$$\text{Receivable Average} = \frac{\text{Receivable Begenning Balance} + \text{Receivable Ending Balance}}{2}$$

2) Days of Receivable

$$\text{Days of Receivable} = \frac{365}{\text{Receivable Turn Over}}$$

3) Arrears Ratio

$$\text{Arrears Ratio} = \frac{\text{Receivable arrears at ending period}}{\text{Receivable total at the same period}} \times 100\%$$

4) Billing Ratio

$$\text{Billing Ratio} = \frac{\text{Billing Receivable Total}}{\text{Receivable Total}} \times 100\%$$

2.3 *Uncollectible Receivable*

Uncollectible receivables are income losses that require, through appropriate journal entries in the account, a decrease in receivable assets as well as a decrease relating to shareholders' earnings and equity [3]. Uncollectible receivables can be caused by several factors such as negligence of creditors in complying with the approval of receivables that have been confirmed, too easy to give receivables, inadequate number of executives and staff of the receivables, and the failure of debtors in their business or other companies [9]. The method of recording uncollectible accounts can be done in two ways, namely the direct write-off method and allowed method [3]. The use of the allowance method in recording uncollectible accounts can be calculated using the aging analysis method. The accounts receivable age analysis method classifies trade receivables based on their respective age characteristics based on the due date of the receivables. The length of the receivables that are past due is the length of days from when the receivables are due until the accounts receivable age report is prepared.

2.4 *Risk Management for Uncollectible Receivable*

Risk management is a field of science that discusses how an organization applies measures in mapping various existing problems by applying various management approaches [10].

3. Methodology

This research uses primary data and secondary data. Primary data obtained from respondents through the results of interviews with sources, namely credit managers associated with credit policy. While secondary data sourced from aging accounts receivable schedules, balance sheets, credit application forms, and the amount of credit sales. Procedure for data collection is done by interview, documentation and observation. The analysis technique used is descriptive analysis technique. The analytical tool used is the 5C analysis of character, capacity, capital, condition, and collateral. As for the performance evaluation of accounts receivable using accounts receivable turnover ratios, average days of collection of receivables, arrears ratios, and billing ratios as well as analysis of accounts receivable age to know how much reserves should be formed.

4. Result and Discussion

4.1 *Credit Policy*

4.1.1 *Credit Provision Standards*

Providing credit to the debtor of the management would be better to pay attention to the analysis of 5C to minimize unwanted risks in the future. Based on the description of the results of research that has been done, Novotel Bali Benoa Hotel & Resort fulfils two factors C in providing credit facilities to prospective borrowers, namely character and capacity. While there are three factors that are not met, namely capital, condition and collateral. Thus, Novotel Bali Benoa Hotel & Resort in providing credit facilities to prospective debtors has not considered the 5C analysis.

4.1.2 Credit Standard Payment Time

The management of Novotel Bali Benoa Hotel & Resort sets a standard payment time that is 30 days after guests check out. But in reality, this was not realized properly because there were still debtors who were buying time to pay their bills. This is caused by the indecision of sanctions imposed on the debtor if the payment is made past the predetermined terms and also the absence of rewards or as a deduction if the debtor makes payments earlier than the contract that has been determined.

4.1.3 Collection Receivable Standards

Collection of accounts receivable at the Novotel Bali Benoa Hotel & Resort has not done well. This causes delays in sending invoices due to incomplete vouchers from the debtor related to the service received by the related guest. In addition, the delivery of invoices is also not in accordance with predetermined standards, shipments are carried out every day, but shipments made every two weeks will require a longer delivery time. Besides that, for invoicing agents overseas, they still request delivery manually, namely through the post office, this makes the invoice take a long time to be in the hands of the debtor. Other methods of receivables were not implemented, namely a direct visit by the hotel management to the debtor's company and the absence of the use of debt collection services for paying off debts classified as doubtful.

4.2 Receivable Performance Ratio at Novotel Bali Benoa Hotel & Resort

4.2.1 Receivable Turnover Ratio

Table 2. Receivable Turnover Ratio
At Novotel Bali Benoa Hotel & Resort in 2016-2018

Year	Credit Card	Company	Local Agent	Overseas Agent
2016	35.12	7.78	6.43	5.77
2017	38.67	6.26	5.88	6.73
2018	34.56	5.43	4.97	7.19

This Receivable Turn Over ratio measures how long the collection of receivables during a period [8]. Based on Table 4. calculation of accounts receivable turnover ratios in 2016, 2017 and 2018 for credit cards of 35.12 times, 38.67 times and 34.56 times. For companies 7.78 times, 6.26 times and 5.43 times. For local agents 6.43 times, 5.88 times and 4.97 times and for overseas agents 5.77 times, 6.73 times and 7.19 times. The lower the ratio there is over-investment in receivables.

4.2.2 Days of Receivable

Table 3. Days of Receivable
At Novotel Bali Benoa Hotel & Resort in 2016-2018

Year	Credit Card	Company	Local Agent	Overseas Agent
2016	10	47	57	63
2017	9	58	62	54
2018	11	67	73	51

The results of this calculation indicate the number of days (how many days) the average receivable is not billable and this ratio is also often called uncollected days sales. Based on Table 5. the calculation of the average days of collecting receivables in 2016, 2017 and 2018 for credit cards for 10 days, 9 days and 11 days. For companies for 47 days, 58 days and 67 days. For local agents for 57 days, 62 days and 73 days and for overseas agents for 63 days, 54 days and 51 days. For companies, local agents and

overseas agents, the calculation results obtained when compared to the standards set by the hotel management are higher than the control at Novotel Bali Benoa Hotel & Resort is quite poor.

4.2.3 Arrears Ratio

Table 4. Arrears Ratio
At Novotel Bali Benoa Hotel & Resort in 2016-2018

Year	Company	Local Agent	Overseas Agent
2016	6.58%	5.39%	10.08%
2017	8.55%	6.62%	5.59%
2018	8.29%	9.63%	6.90%

This ratio is used to find out how much the amount of receivables that are past due and uncollectible from the number of credit sales made [11]. Based on Table 5. The calculation of the arrears ratio in 2016, 2017 and 2018 for the company is 6.58%, 8.55% and 8.29%. For local agents 5.39%, 6.62% and 9.63% and for overseas agents 10.08%, 5.59% and 6.90%. This ratio calculation is not done on credit cards because there are no receivables classified as delinquent.

4.2.4 Billing Ratio

Table 5. Billing Ratio
At Novotel Bali Benoa Hotel & Resort in 2016-2018

Year	Credit Card	Company	Local Agent	Overseas Agent
2016	97.36%	87.41%	84.95%	84.18%
2017	97.27%	85.77%	84.99%	88.50%
2018	96.87%	83.31%	80.50%	86.11%

This ratio is used to determine the extent of collection activities carried out or how much receivables are collected from the total receivables owned by the company. The greater the value of collectible receivables, the percentage value of the billing ratio is greater, conversely if the smaller the receivables are divided, the percentage value of the billing ratio is small [11]. Based on Table 7. The calculation of the billing ratio in 2016, 2017 and 2018 for credit cards was 97.36%, 97.27% and 96.87%. For companies, there were 87.41%, 85.77% and 83.31%. For local agents 84.95%, 84.99% and 80.50% and for overseas agents 84.18%, 88.50% and 86.11%. The greater the results of the calculation of the billing ratio, the management's performance on the collection of receivables have been done well.

4.3 The amount of Allowance for Receivables losses that must be formed by Novotel Bali Benoa Hotel & Resort

Novotel Bali Benoa Hotel & Resort does not form allowance loss reserve. This can be seen on the chart of accounts that are owned, where there are no receivable loss reserves in the balance sheet report. During the operational activities of the Novotel Bali Benoa Hotel & Resort, the hotel management has already applied write-offs by deducting them directly from the profits earned by the hotel that year, but this decision was not in accordance with the matching principal. The high amount of doubtful accounts makes the hotel management have to calculate the allowance for receivable losses. The goal is that this is in accordance with the accounting principle of matching principal, where the income received in the form of high credit sales must be matched with the burden of the loss from receivables for credit policy. In 2016, the allowance for loss from receivables that must be formed was IDR 509.663.985. The necessary journals as at 31 December 2016 are:

Bad Debt	IDR 509.663.985
Allowance for Bad Debt	IDR 509.663.985

The formation of allowance for loss receivables results in a profit that is presented at a higher profit and loss of IDR 509.663.985; this is due to the absence of receivable loss costs. In 2017 the allowance for receivable losses that must be formed amounted to IDR 353,517,143 so that the necessary journals as of December 31, 2017 are:

Bad Debt	IDR 353.517.143
Allowance for Bad Debt	IDR 353.517.143

The formation of allowance for loss receivables results in a profit that is presented at a higher profit and loss of IDR 353.517.143; this is due to the absence of the burden of receivable losses. In 2018 the allowance for losses from receivables that must be formed amounted to IDR 504,832,719 so that the necessary journals as of December 31, 2018 are:

Bad Debt	IDR 504.832.719
Allowance for Bad Debt	IDR 504.832.719

The formation of allowance for loss receivables results in a profit that is presented at a higher profit and loss of IDR 504.832.719; this is due to the absence of receivables loss.

5. Conclusion

Based on the analysis results that have been described, it can be concluded that in this determination, it shows that first; the credit policy has not been maximized because hotel management pays little attention to the 5C analysis in determining prospective debtors and collecting bad receivables. Second, the performance of receivables measured by the ratio is not fulfilled maximum; this is attributed to the four sub-receivables owned by only one sub-receivable that has good results. Third, the allowance for receivable losses that must be formed is IDR 509,663,985 in 2016, IDR 353,517,143 in 2017 and IDR 504,832,719 in 2018.

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Value Added Tax Analysis of Freight Forwarding Services at PT B Denpasar

Candrastuti*, N S Hardika, C Ardina

Accounting Department Politeknik Negeri Bali

Jalan Kampus Bukit Jimbaran, Kuta Selatan, Badung, Bali – 80364

*E-mail to: ccandrastuti@gmail.com

Abstract Freight forwarding services or transportation management services aim to represent the task of shipping goods (consignor/ shipper/ exporter) to destination either by land, sea, or air. Freight forwarding services does not only consist of one service, but there are many services related to shipping and receiving goods to form freight forwarding service. In delivering goods, freight forwarders usually work with partners to carry out and provide services. The value added tax (VAT) law and its regulations have not specifically regulated the treatment of value added tax on freight forwarding services, especially in the payment method. The Re invoicing method is a method by which freight forwarder create new invoices to collect service fees from freight forwarding plus fee from work partner. Reimbursement method where freight forwarder forward work partner invoice so that PT B receives two invoice in which there was a value added tax in (VAT In) that cannot be credited. The result of the study suggests that PT B in collaboration with PT I as a freight forwarder chooses a re invoicing method because it is more efficient and shows a better impact on the cash flow statement.

1. Introduction

Freight forwarding services can be used as a benchmark for a country's economic development. Judging from the freight forwarding function, which is to help use services to deliver goods to destinations at both domestically and abroad, which means that the industrial activities of a company also depend on freight forwarding services. In practice, freight forwarding company or forwarder (PT I) cooperates with a third party (PT R). These third parties include transportation companies (land, sea, and air transportation), loading and unloading companies, container services and companies related to freight forwarding services. If this service develops rapidly, it can be ascertained that industrial activities in the country are also growing so that state tax revenues also increase.

PT B is a company engaged in trading, especially as a manufacturer of cosmetic products, PT B as a user of freight forwarding services requesting logistic services (handling fees, warehouse rental, and distribution of goods) pom hall, trucking and air shipping to PT I and PT R. During this time, PT B in the payment of value added tax on freight forwarding services PT B uses the reimbursement method where PT I is only an intermediary between PT R and PT B, so PT B will receive an VAT in that cannot be credited from PT I and PT R. If this transaction applies a re invoicing payment method, namely the rendering of services fairly in tax rights and obligations, namely all PT B invoice in the name of PT I so that PT I receives invoice from PT R. If PT B implements this method, tax saving can be applied to VAT in that cannot be credited and will have an better impact on PT B cash flow statement in 2018.

Table 1. Invoice in September 2018

Type of service	Total (Rupiah)
Forwarding services	Rp 1.792.375,00
Handling fee	Rp 1.703.875,00
Warehouse rental	Rp 8.022.375,00
Distribution of goods	Rp 7.742.375,00
Trucking	Rp 41.667,00
Balai Pom	Rp 15.700.000,00
Air shipping fee	Rp 14.413.000,00
Total	Rp 49.415.667,00

2. Methodology

The legal basis for value added tax treatment for freight forwarding services is Law of The Republic of Indonesia Number 42 year 2019 in article 1: explaining freight forwarding services are taxable services and in article 4: taxable services are objects of value added tax and Regulation of The Minister of Finance Number 121/PMK.03/2015 regulates other values as the tax base for freight forwarding services, namely 10% of the total invoice or the amount that should be billed. Value added tax owed is 1% of the total invoice (10% x 10% x invoice value). Based on the Regulation of The Minister of Finance Number 38/PMK.011/2013 article 2 letter m states that the value added tax in relating to the delivery of freight forwarding services is not can be credited because in other values the value added tax in has been calculated.

This study uses quantitative data and secondary data in the form of a list of value added tax and financial statements of PT B in 2018. Data collection procedures are: 1) Observation or observing the payment process in direct freight forwarding services to companies directly, to review the payment method used in PT B and interviews in the form of unstructured verbal communication with employees of PT B. 2) Documentation of company data and information gathering especially those related to the object of research. Data analysis technique is quantitative descriptive, the stage of data analysis can be describe as follows: calculating the amount of value added tax on freight forwarding services using two payment methods, namely the method of reimbursement or re invoicing in accordance with tax laws and describing the result of selecting value added tax payment method for freight forwarding.

3. Result and Discussion

Invoice for freight forwarding services can be carried out using re invoicing or reimbursement methods. The use of this method affects the value added tax owed by service recipients of freight forwarder. The selection of the right method can be seen from the calculation of each method and there are differences in the tax payable.

3.1. Re invoicing Method

Transaction where invoice work partner (PT R) are made in the name of freight forwarding so that freight forwarder make new invoice on behalf of freight forwarders to service recipients (PT B) to collect work partner freight cost plus fees for freight forwarding services. Based on Regulation of The Minister of Finance Number 121/PMK.03/2015 that if the invoice of freight forwarding entrepreneurs to consumers include transportation service, then the base for imposing value added tax used is 10% of the invoice.

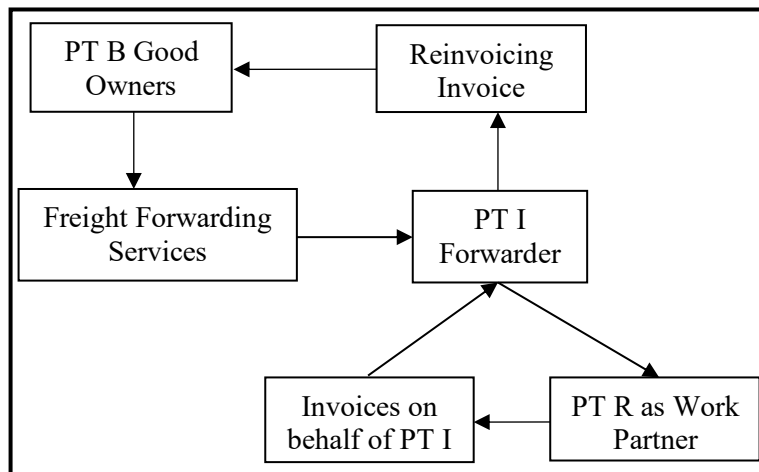
In September 2018, PT B made the following transactions: in shipping 14 boxes of PT B natural spa products from Bali to Bandung, 20 boxes to Tangerang and 3 boxes to Surakarta. PT B is requesting freight forwarding services to PT I in cooperate with PT R that service the delivery of goods by plane. For the cost shipping goods with the following details: fee for shipping Bali –Tangerang via air is Rp 7.515.000,00, fee for shipping Bali – Bandung via air is Rp 5.575.000,00, fee for shipping Bali – Surakarta via air is Rp 1.323.000,00. The total cost of shipping via air is Rp 14.413.000,00 The

tax base used namely all costs in the new invoice, the calculation of the amount of value added tax that should be owed with the one collected by PT I can be specified as follows.

Table 2. The September 2018 invoice is re invoicing method

Type of service	Total (Rupiah)
Air transportation	Rp 14.413.000,00
Trucking	Rp 41.667,00
Balai Pom	Rp 15.700.000,00
Forwarding services	Rp 1.792.375,00
Handling fee	Rp 1.703.875,00
Warehouse rental	Rp 8.022.375,00
Distribution of goods	Rp 7.742.375,00
Total invoice	Rp 49.415.667,00
Total Tax Base (10% of total invoice)	Rp 4.941.567,00
VAT that should be owed	Rp 494.157,00

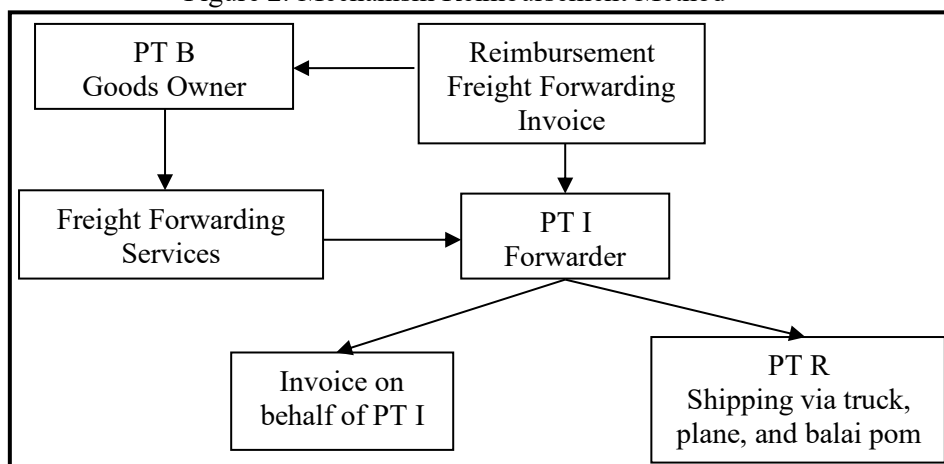
Figure 1. Mechanism Re invoicing Method



3.2. Reimbursement Method

Transactions where the amount invoice by freight forwarders to service recipients (consumer/ owners good) are invoices from work partner made directly on behalf of consumers, while freight forwarder only forward these invoice to the consumer. PT I cooperates with PT R , which serves air shipping, trucking and balai pom.

Figure 2. Mechanism Reimbursement Method



The basis of the imposition is the amount of the cost of freight forwarding services plus the costs that should have been requested in the invoice. PT B will receives an invoice from PT I and PT B. PT I and PT B will make an invoice with the following details:

Table 3. Invoice from PT I in September 2018

Type of service	Total (Rupiah)
Forwarding services	Rp 1.792.375,00
Handling fee	Rp 1.703.875,00
Warehouse rental	Rp 8.022.375,00
Distribution of goods	Rp 7.742.375,00
Total invoice	Rp 19.261.000,00
VAT that should be owed	Rp 1.926.100,00

Table 4. Invoice from PT R in September 2018

Type of service	Total (Rupiah)
Air transportation	Rp 14.413.000,00
Trucking	Rp 41.667,00
Balai Pom	Rp 15.700.000,00
Air transportation	Rp 30.154.667,00
VAT that should be owed	Rp 3.154.667,00

3.3. Value Added Tax Analysis of Freight Forwarding

The transaction that use the re invoicing method shows that the first tax payable value is smaller when compared to transactions using the reimbursement method so that there is tax saving. The application of value added tax calculation is related to the theory of the time value of money. Thus the company can analyze whether the value added tax planning calculation can provide benefits as expected by the company or not. Especially to assess how much the present and future value of money is and minimize the tax payable so that it can regulate the flow of funds in the company's cash.

Table 5. Comparison between Reimbursement and Re invoicing

Month 2018	VAT		Tax Saving
	Reimbursement	Re invoicing	
1	Rp 62.868.945,00	Rp 60.012.491,00	Rp 2.856.454,00
2	Rp 90.754.546,00	Rp 87.357.846,00	Rp 3.396.701,00
3	Rp 100.663.591,00	Rp 98.549.847,00	Rp 2.113.744,00
4	Rp 154.408.657,00	Rp 149.086.960,00	Rp 5.321.696,00
5	Rp 106.181.451,00	Rp 102.961.375,00	Rp 3.220.076,00
6	Rp 140.104.648,00	Rp 136.818.688,00	Rp 3.285.960,00
7	Rp 155.372.992,00	Rp 153.635.651,00	Rp 1.737.341,00
8	Rp 147.799.333,00	Rp 143.426.929,00	Rp 4.372.405,00
9	Rp 139.204.542,00	Rp 136.198.432,00	Rp 3.006.110,00
10	Rp 143.619.198,00	Rp 140.851.529,00	Rp 2.767.669,00
11	Rp 121.185.767,00	Rp 119.553.614,00	Rp 1.632.154,00
12	Rp 148.990.015,00	Rp 146.890.833,00	Rp 2.099.183,00
TOTAL	Rp 1.511.153.685,00	Rp 1.475.344.193,00	Rp 35.809.492,00

In January, a tax saving of Rp 2.856.454,00 was obtained because there was a difference in the calculation when using re invoicing, the payable VAT was Rp 60.012.491,00 while if using reimbursement, the payable VAT was Rp 62.868.945,00. Similarly in the following month, the difference between re invoicing and reimbursement calculations was also found. In 2018 PT B when using the re invoicing method, a tax saving of Rp 35.809.492,00 was obtained. The calculation results indicate the existence of tax saving if using a re invoicing payment method where, PT B will get a tax invoice from PT I as a service provider in collaboration with third party namely PT R. The Invoice contained in the tax consist of PT I bills and PT R by using the re invoicing payment method, the tax base is 10% of the bill and the 10% value added tax means that it is subject to value added tax with a cumulative rate of 1% for all costs requested in the forwarder bill.

The Choice of payment method has an impact on the cash flow statement and the time value of money. To assess the feasibility of a decision, the funds issued for paying taxes in particular on the tax on value added must be close with net receipts that have been presented value, in Table 6.

Based on the Indonesian Bank interest rate in 2018 is 5,27% per year. The present value using the re invoicing method is Rp 24.547.290,00. The interest rate use to change the value of tax saving becomes the present value in the plan to receive money in the future to assess whether a decision is appropriate or not. Funds incurred if using the reimbursement method are Rp 1.511.153.685,00 while the re invoicing method costs Rp 1.475.344.193,00. The difference in funds issued from two methods shows that the re invoicing method provides a profit of Rp 35.809.492,00. Judging from the time value of money means a company's decision if it chooses a proper re invoicing method.

3.4. Impact on the cash flow statement of PT B

Using a type of re invoicing, PT I must recognize that all of the values collected are income, including the value of transaction with partner. Transactions on freight forwarding services should use the re invoicing method because the payable tax paid is smaller, thus affecting the cash issued by the company.

Table 6. Time Value Of Money

No	Tax Saving	Discount Factor Present Value	Present Value
1	Rp 2.856.454,00	1.00	Rp 2.088.739,00
2	Rp 3.396.701,00	0.99	Rp 2.078.347,00
3	Rp 2.113.744,00	0.99	Rp 2.068.007,00
4	Rp 5.321.696,00	0.98	Rp 2.057.718,00
5	Rp 3.220.076,00	0.98	Rp 2.047.481,00
6	Rp 3.285.960,00	0.97	Rp 2.037.295,00
7	Rp 1.737.341,00	0.97	Rp 2.027.159,00
8	Rp 4.372.405,00	0.96	Rp 2.017.073,00
9	Rp 3.006.110,00	0.96	Rp 2.007.038,00
10	Rp 2.767.669,00	0.95	Rp 1.997.053,00
11	Rp 1.632.154,00	0.95	Rp 1.987.117,00
12	Rp 2.099.183,00	0.94	Rp 1.977.231,00
Total			Rp 24.390.259,00

4. Conclusion

In the transaction of freight forwarding with the reimbursement method, value added tax is imposed on services at PT B at 10% while the re-invoicing method of transaction for services is subject to value added tax with cumulative 1 % tariff on all cost requested in the invoice forwarder. The collection mechanism by using the re-invoicing method should be chosen because there is a tax saving of Rp 35.809.492,00 in 2018.

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Time Budget Pressure as Moderating Variable on the Effect of Professionalism, Experience and Audit Fee on Audit Quality

I K A Wiguna*, I B A Yasa, and A A P Suardani

Accounting Department, Politeknik Negeri Bali
Jl. Kampus, Bukit Jimbaran, Badung, Bali, Indonesia

*E-mail to: ikomangadiwiguna@gmail.com

Abstract: Audit quality is the probability of an auditor where the auditor can find violations in his client's accounting system and report it in the audit report. Audit quality is influenced by various factors including professionalism, audit experience, audit fees and time budget pressures. This research aims to analyze the influence of professionalism, audit experience, and audit fees on audit quality, whether time budget pressures moderate the influence of professionalism, audit experience, and audit fees on audit quality. The population in this research are auditors who work at the Public Accounting Firm in Bali that were registered in the IAPI 2019 directory. The samples of this research are 70 auditors. This research use saturated sampling method. The analysis technique used in this research is modeling techniques with partial least square (PLS) through SmartPLS 3.0 application. The results of this research indicate that professionalism has a positive and significant effect on audit quality. Audit experience has a positive effect but not significant on audit quality. Audit fee have a positive and significant effect on audit quality. Time budget pressure does not moderate the influence of professionalism, audit experience and audit fees on audit quality.

Keywords: *professionalism, audit experience, audit fee, time budget pressure, audit quality*

1. Background

Current economic developments increase the need for financial information. The financial information is not only limited to financial statements or company performance, but information that is truly tested for its validity and reflects the actual situation. Financial statements containing inappropriate financial information will be very detrimental to the parties using financial statements such as company owners. The need for financial information that has been tested for validity has made the public accounting profession very much needed at this time. Users of financial statements have to view the Public Accountant Firm (PAF) as an independent and competent party, because it will affect the value of the services that PAF has given to users [1]. A number of audit-related cases have occurred, one of which has had a significant impact on public trust in the public accounting profession in its audit quality, namely the Enron case involving Arthur Anderson's Public Accountant Firm, while in Indonesia there are similar cases such as PT Kimia Farma. Tbk profit overstating case. (2001) and the recent case involving PT SNP (2018). A number of cases above can raise people's doubts about the quality of audits provided by public accountants in auditing the financial statements of their client. Public accountants

can restore public trust by paying attention to the quality of the audit produced. Factors that affecting audit quality include professionalism, audit experience, audit fees and time budget pressures.

Several research have been conducted regarding the audit quality. The research conducted by Adha (2016) states that professionalism has a positive and significant effect on audit quality [2]. This results contradict the research conducted by Rofitasari et al. (2017) which states that professionalism has no effect and it is not significant on audit quality [3].

Wulandari (2017) research discover that experience has a positive and significant effect on audit quality [4], meanwhile audit experience does not affect audit quality according to Prakasa (2017) [5]. Previous research by Wulandari also obtained results that audit fees had a positive and significant effect on audit quality [4]. A research conducted by Rinanda and Nurbaiti (2018) have different result which shows that audit fees does not affect audit quality [6].

Pradipta & Budhiarta (2016) said that time budget pressure is not able to moderate [7]. Whereas Padmasari (2018) research find that time budget pressure moderates the effect of professionalism on audit quality [8]. Based on this background, the objectives of this research to analyze the effect of professionalism, audit experience, and audit fees on audit quality, whether time budget pressures moderate the effect of professionalism, audit experience, and audit fees on audit quality.

2. Literature Review

Agency theory is a version of game theory that makes a contractual model between two or more people (parties), where one party is called an agent and the other is called a principal [9]. Agency theory is a theory that explains the relationship between agents and principals where agents carry out activities after obtaining delegated decision-making authority from the principal. The existence of problems in agency theory namely agency problem, which is a condition where the principal and the agent have interests that they want to fulfil, and this can cause conflict, so a third party is needed to mediate [9]. The third party is the auditor as an independent party in reporting the financial statements of management to stakeholders

Perspective of an auditor in carrying out work can affect the consideration of his ethical behavior (ethical judgment), then influence the desire to do (intention) which is manifested in behaviour [9]. A code of ethics is a product of agreement that regulates the moral behavior of a group within society at a certain time with written provisions that must be held firmly by the group concerned [9]. Professional ethics for the practice of public accountants in Indonesia are regulated in the Kode Etik Profesi Akuntan Publik (Code of Professional Ethics of Public Accountants) issued by IAPI.

Audit quality as a probability where the auditor will discover misstatement in the client's accounting system and report them to the independent auditor's report (De Angelo, as cited in [9]).

Time budget pressure is a condition that shows where auditors are required to complete audit tasks within the budgeted time which has the potential to cause dysfunctional behavior in audits [10].

Someone is considered to be a professional if he has the expertise to carry out tasks in accordance with his field, set standard standards and carry out his professional duties in accordance with established professional ethics. Professionalism is interpreted as a person's attitude and behavior in carrying out his profession [11].

Audit experience is interpreted as the auditor's experience in conducting audits of financial statements that are reflected in the length of time he works, the number of assignments performed by the auditor and the number of companies that have been handled [4].

Audit fees are amount of audit services issued by service users or clients to service providers or auditors, as the client's responsibility for the work of the service provider or auditor [12]

Based on the background and research references, the development of the research hypothesis is as follows: (H₁) Professionalism has a significant effect on audit quality. (H₂) Experience has a significant effect on audit quality. (H₃) Audit fee has a significant effect on audit quality. (H₄) Time budget pressure moderates the effect of professionalism on audit quality. (H₅) Time budget pressure moderates the effect of experience on audit quality. (H₆) Time budget pressure moderates the effect of audit fee on audit quality.

3. Research Methods

3.1 Population, Sample Selection and Data

The population in this research were 108 auditors who worked in public accounting firms in Bali that were registered on IAPI directory 2019. The sampling method in this research use saturated sample or where all population are selected as samples [13]. The number of questionnaires that have been distributed as many 108 copies but the questionnaire returned with filled out completely is 70 copies so the response rate of respondents was 64,8% (70/108).

3.2 Data Collection, Measurement and Analysis

The method of data collection by giving questionnaires to respondents. The questionnaires measured by likert scale [13]. The analysis technique in this research used the instrument test through validity test and reliability test using SPSS and hypothesis test with a significance level of 5% (percent) using partial least square (pls) through the smartpls 3.0 application. The steps in hypothesis testing using PLS are as follows: (a) Designing an inner model that illustrate the causal relationships between variables latent on the substance of the theory [14]. (b) Designing outer model where the relationship between indicators and latent variables in this research is a reflective model. (c) Construct path diagram. (d) Conversion path diagram to the system of equation. (e) Estimated. (f) Goodness of fit test where the outer model is evaluated by convergent validity, discriminant validity, composite reliability and cronbach alpha of each indicator. The inner model is evaluated by looking the result of R-square. (g) The hypothesis testing.

Table 1. List of Indicators

Latent variable	Indicator	Code
Professionalism (X ₁)	Dedication to the profession	X _{1.1}
	Social obligation	X _{1.2}
	Independence	X _{1.3}
	Confidence in the profession	X _{1.4}
	Relationships with fellow professions	X _{1.5}
Experience (X ₂)	The length of service	X _{2.1}
	Experience in training	X _{2.2}
	The ability to detect errors	X _{2.3}
	Number of clients audited	X _{2.4}
Audit Fee (X ₃)	Assignment risk	X _{3.1}
	Complexity of services provided	X _{3.2}
	The auditor's level of expertise in the client industry	X _{3.3}
	Public accountant fee structure	X _{3.4}
Time Budget Pressure (X ₄)	Understand the time budget	X _{4.1}
	Responsibility for time budget	X _{4.2}
	Performance appraisals are carried out by superiors	X _{4.3}
	Allocation of fees for audit fees	X _{4.4}
	Frequency of time budget revisions	X _{4.5}
Audit Quality (Y ₁)	Report all client errors	Y _{1.1}
	Understand the client's accounting information system	Y _{1.2}
	Strong commitment to complete the audit	Y _{1.3}
	Based on auditing and accounting principles	Y _{1.4}
	Do not immediately trust the client's statement	Y _{1.5}
	Cautious in making decisions	Y _{1.6}

4. Result and Discussion

4.1 Result of Study

4.1.1 The Instrument Test

The instrument test is done through validity test and reliability test using SPSS. Validity test is determined by the level of significance and correlation between item scores with the total score (pearson correlation). The results of the validity test indicate that all questionnaire items are valid because the correlation coefficient is more than 0.30 and the Sig (2-Tailed) value is smaller than 0.05 [13]. Reliability test is carried out by the cronbach's alpha test and the variables in this research are reliable because they have a cronbach's alpha value is more than 0.70 [13].

4.1.2 Evaluation of Model

4.1.2.1 Outer Model

The evaluation model in PLS to assess the validity and reliability of the model. The validity test of the model through convergent validity and discriminant validity from the indicators forming the latent construct and reliability test through the reliability composite and cronbach's alpha for the indicator block. Convergent validity tests of reflective indicators can be seen from the value of loading factors and the value of average variance extracted (AVE). The rule of thumbs for the value of loading factors is more than 0.70 and the value of AVE is more than 0.50 [15]. The output of SmartPLS for loading factors in this research shows that the value of the loading factor for each indicator is more than 0.70 and all of the indicators are valid. The output of AVE is as follows:

Table 2. Output Result of Average Variance Extracted

Construct	Value of Average Variance Extracted (AVE)
Professionalism	0.793
Experience	0.782
Audit Fee	0.790
Time Budget Pressure	0.719
Audit Quality	0.743
Moderating Effect ^a	1.000

^a moderating effect on professionalism, experience and audit fee have the same AVE result

The value of AVE for each construct that shown in Table 2 is more than 0.50 and it is mean the construct in this research are valid. Discriminant validity on reflective indicators can be seen from the cross loading's value for each construct. The value of cross loading is must more than 0.70 [15]. The indicators in this research has fulfilled a discriminant validity because the PLS output results have shown a cross loading value of more than 0.70.

The value of cronbach's alpha and composite reliability is the ways to see the reliability of the indicators. The value of cronbach's alpha and composite reliability must be more than 0.70 [15]. The results of cronbach's alpha are as follows:

Table 3. Output Result of Cronbach's Alpha

Construct	Value of Cronbach's Alpha
Professionalism	0.934
Experience	0.906
Audit Fee	0.911
Time Budget Pressure	0.901
Audit Quality	0.930
Moderating Effect ^a	1.000

^a moderating effect on professionalism, experience and audit fee have the same cronbach's alpha result

Table 3 shows the value of cronbach's alpha for each construct is more than 0.70. Therefore, the construct is reliable. The second test is through composite reliability. The value of composite reliability are presented in Table 4, as follows:

Table 4. Output Result of Composite Reliability

Construct	Value of Composite Reliability
Professionalism	0.950
Experience	0.935
Audit Fee	0.938
Time Budget Pressure	0.927
Audit Quality	0.945
Moderating Effect ^a	1.000

^a moderating effect on professionalism, experience and audit fee have the same composite reliability result

Based on the test results in Table 4, composite reliability value of professionalism, experience, audit fee, time budget pressure, audit quality and moderating effect are more than 0.70 and the construct is reliable.

4.1.2.2 Inner Model

Inner model test is done by the R-square value to explain the substantive effect of certain exogenous latent variables on endogenous variables [15]. The R-square (R²) results in this research model are 0.815 which can be interpreted that construct variability is considered audit quality of 81.5% and 18.5% is explained by other variables outside the research.

4.2 Discussion

The hypothesis test in the research is done through a bootstrapping procedure.

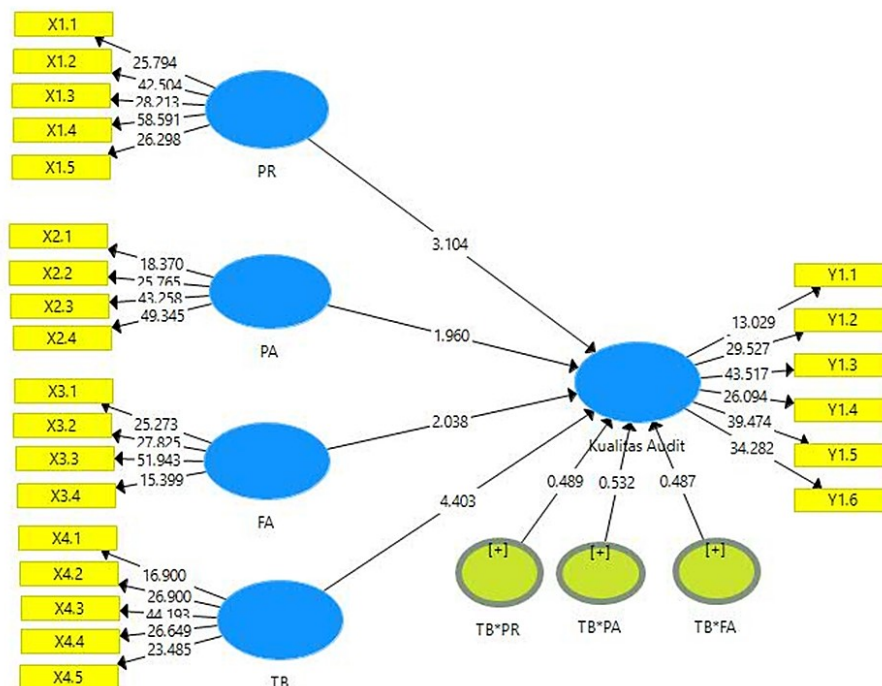


Figure 1. Result of Bootstrapping

Table 5. Hypothesis Test Result

Information	Original Sample	T Statistics	P Values
Professionalism -> Audit Quality	0.304	3.104	0.002
Experience -> Audit Quality	0.166	1.960	0.051
Audit Fee -> Audit Quality	0.170	2.038	0.042
Time Budget Pressure -> Audit Quality	-0.442	4.403	0.000
Time Budget Pressure * Audit Fee -> Audit Quality	-0.032	0.487	0.626
Time Budget Pressure * Experience -> Audit Quality	0.055	0.532	0.595
Time Budget Pressure * Professionalism -> Audit Quality	0.056	0.489	0.625

Based on Table 5, professionalism has a positive and significant effect on audit quality with the p-values of 0.002, t-statistic value of 3.104 and original sample value of 0.304 which means H_1 is accepted. Professional auditors will carry out audit tasks in accordance with their knowledge, abilities and are based on the professional ethics of being a professional auditor. This indicates that the higher the professionalism, the higher the audit quality. The results of this research are in line with research conducted by Adha (2016) and Padmasari (2018) which states that Professionalism has a positive and significant effect on audit quality [2][8]. This research contradicts Rofitasari's (2017) research which found that professionalism had no significant effect on audit quality [3].

Experience has a positive but not significant effect on audit quality. Table 5 shows that with a p-value of 0.051 and a t-statistic value of 1.960. The original sample value is positive that is equal to 0.304. This result refuses H_2 which indicates that more experience does not necessarily improve audit quality. The experience of public accountants will continue to increase along with the increase in audits conducted and the complexity of the audited company which will unwittingly increase their knowledge in the field of accounting and auditing. The results of this research are in line with research done by Pradipta and Budiarta (2016) which states that the audit experience has a positive but not significant effect [7]. This research is also supported by Prakasa's research (2017) [5]. Wulandari's (2017) research discovers different result that audit experience has a positive and significant effect on audit quality [4].

The hypothesis states that audit fees have a significant effect on audit quality. Table 5 shows that the relationship between audit fees and audit quality is significant with a p-value of 0.042 and a t-statistic value of 2.038 or above 1.96. The original sample value is positive that is equal to 0.170, so the H_3 is accepted. The public accountant professional code of ethics section 240.1 contains a statement which briefly states that the practitioner can propose the amount of professional services deemed appropriate. Threats to adherence to the basic principles of professional ethics can occur when the amount of professional service fees proposed is so low that it impacts on audit quality that is not appropriate. This shows that audit fees have an impact on audit quality. Wulandari research (2017) obtained the same results where the audit fee has a positive and significant effect on audit quality [4]. But the results of this research are not in line with research conducted by Rinanda and Nurbaiti (2018) which found that audit fees do not affect audit quality [6].

Table 5 shows the result of p-value 0.625 and t-statistic value of 0.489 or below 1.96. This rejects H_4 , so it can be concluded that time budget pressure is not able to moderate the effect of professionalism on audit quality or does not have significant effect. Auditors who have an attitude of professionalism will adhere to professional ethics consisting of five principles that are explained in detail in the Professional Accountant's Code of Ethics. The code of ethics and Audit Standards are binding and must be adhered to by the auditor so that pressure from the time budget does not affect the relationship of professionalism with audit quality. The results of this research have the same results as Pradipta and Budiarta's (2016) research [7]. On the other hand, time budget pressure strengthens the relationship of professionalism with audit quality according to the results of Padmasari's research (2018) [8].

H5 also refused. Table 5 shows the influence of the time budget is not able to moderate the effect of audit experience on audit quality. This can be concluded with a p-value of 0.595 and a t-statistic value of 0.532. This indicates that an experienced auditor may not necessarily produce good audit quality when the time pressure exerted is reduced. With or without time budget pressure, the auditor must use his experience in carrying out audit tasks. This is in line with the Code of ethics section 210.7 regarding professional appointments which requires auditors in the engagement team to fulfill quality control policies and procedures and accept the engagement only if the engagement team is able to carry out competently so that time budget pressure in the audit process is a consequence of the engagement that must be done. Pradipta and Budiarta (2016) and Padmasari (2018) also get the same research results where time budget pressure is unable to moderate the effect of audit experience on audit quality [7] [8].

Table 5 shows that time budget pressure is not able to moderate the effect of audit fees on audit quality or is insignificant with a p-value of 0.626 and a t-statistic value of 0.487 thus, the H6 in this research also rejected. Based on the results of the summary of respondents' characteristics, it is known that the majority of respondents are junior auditors, then this can be related to Article 5 of Management Regulation number 2 of 2016 which states that the establishment of policies as a basis for determining the amount of service compensation is carried out by leaders or colleagues. Determination of service fees is done by the leaders or colleagues, so that for junior auditors who are following the policies that have been made, tend to receive audit fees without being affected by other factors such as time budget pressure.

5. Conclusions

Based on the results of analysis and discussion in previous chapters, the research can be summarized as follows: 1) Professionalism has a positive and significant effect on audit quality. 2) Experience has a positive effect but not significant on audit quality. 3) Audit fee has a positive and significant effect on audit quality. 4) Time budget pressure does not moderate the effect of professionalism on audit quality. 5) Time budget pressure does not moderate the effect of experience on audit quality. 6) Time budget pressure does not moderate the effect of audit fees on audit quality.

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Analysis Position of Potential Financial Distress at Bali Paragon Resort Hotel

N L P Sintya Dewi*, I M Sudana, N W D Ayuni

Accounting Department, Politeknik Negeri Bali
Jl. Kampus, Bukit Jimbaran, Badung, Bali, Indonesia

*E-mail: dewi.sintya42@gmail.com

Abstract. The early stage of bankruptcy usually begins with financial distress. The condition of financial distress is inability of the company or unavailability of funds for payments that are due. Analysis of financial distress in the company expected to prepare a strategy to anticipate of bankruptcy. The purpose of this research is to know the position of potential financial distress at Bali Paragon Resort Hotel. This research is a quantitative research that used secondary data. The data used financial statements of Bali Paragon Resort Hotel from 2015 to 2018. The variables used is financial ratios in the Altman Z-score modification method, consists of: working capital to total assets, retained earnings to total assets, earnings before interest and tax to total assets, book value of equity to book value of debt. The data analysis technique used is the Altman Z-score modification method because it can be used to predict the financial condition of all types of companies. The results in this research used the Altman Z-score modification method indicate that the conditions of Bali Paragon Resort Hotel in 2015 to 2018 is non-financial distress.

Keywords: *financial distress, Altman Z-Score modification method, financial statements.*

1. Introduction

Information in financial statements can help interested parties as a consideration for make the decision. For the right decision, financial data must be converted into useful information by financial statement analysis. Financial analysis basically wants to see the prospects of a company. This prospect can be seen from the level of profitability and risk. The risk in question is the risk of potentially to bankruptcy. The early stage of bankruptcy usually begins with financial distress. The condition of financial distress is the inability of the company or unavailability of funds for payments that are due. The tool to identify condition of company before bankruptcy can use the Altman Z-Score method. Edward L. Altman's research use the Multiple Discriminant Analysis method. In 1995, Altman made modifications so it could be used to predict all types of companies in various countries. Although there have been research that provide a picture of prediction the financial distress, but the research have different conclusions with other research it is caused by differences in the company's ability to utilize capital and assets or liquidation capabilities. So, use the prediction of financial distress does not guarantee the financial condition of one company will be the same with other companies. Through financial distress analysis, the companies can prepare strategies to anticipate bankruptcy. In this research want to determine the position of potential financial distress at the Bali Paragon Resort Hotel.

2. Theoretical background and method analysis

The data analysis technique used for this research is quantitative descriptive analysis . The formula used to analyze the position of potential *financial distress* at the Bali Paragon Resort Hotel is as follows:

$$Z'' = 6.56X_1 + 3.26X_2 + 6.72X_3 + 1.05X_4$$

Description:

X_1 : Working capital against total assets

X_2 : Retained earnings against total assets

X_3 : Profit before interest and taxes on total assets

X_4 : The book value of equity against the book value of debt

Cut off of financial distress use the Altman Z-Score modification model is as follows:

Table 1. Cut off of financial distress use the Altman Z-Score modification model

Criteria	Description
$Z''\text{-Score} \leq 1,1$	Financial Distress
$Z''\text{-Score } 1,1 < Z \leq 2,6$	Grey Area
$Z''\text{-Score} \geq 2,6$	Non-Financial Distress

Source: Lutfiyah, 2016.

3. Result and discussion

Discussion of potential financial distress at Bali Paragon Resort Hotel in 2015 to 2018 use the Altman Z-Score modification model is as follows:

3.1 Analysis of potential financial distress in 2015

The calculation result of potential financial distress use a model of the Altman Z-Score modification at Bali Paragon Resort Hotel in 2015 shows that Bali Paragon Resort Hotel periods in 2015 do not experience the condition of financial distress. This is based on the results of calculations which state that:

3.1.1 The working capital to total assets ratio (X_1)

Calculation of the working capital to total assets ratio at Bali Paragon Resort Hotel in 2015 can be explained as follows:

$$\begin{aligned} \text{WCTA } (X_1) \text{ 2015} &= \frac{\text{Working Capital 2015}}{\text{Total Assets 2015}} \\ \text{WCTA } (X_1) \text{ 2015} &= \frac{1.057.183.159,62}{67.137.195.827,91} \\ \text{WCTA } (X_1) \text{ 2015} &= 0,0157 \end{aligned}$$

The working capital to total assets ratio (X_1) has a positive value of 0,0157. The positive value of working capital to total assets is meant to indicate positive impact on the company that would bring the company is not experience financial distress.

3.1.2 *The retained earnings to total assets ratio (X₂)*

Calculation of the retained earnings to total assets ratio at Bali Paragon Resort Hotel in 2015 can be explained as follows:

$$\begin{aligned} \text{RETA (X}_2\text{) 2015} &= \frac{\text{Retained Earnings 2015}}{\text{Total Assets 2015}} \\ \text{RETA (X}_2\text{) 2015} &= \frac{(200.000.000,00)}{67.137.195.827,91} \\ \text{RETA (X}_2\text{) 2015} &= -0,0030 \end{aligned}$$

The retained earnings to total assets ratio (X₂) has a negative value of -0,0030. Thus, the company can be said to have difficulty in generating retained earnings from all assets in 2015. Obtaining negative retained earnings to total assets makes it difficult for companies to use retained earnings for investment, purchases of equipment, and used to pay off a portion of the company's debt.

3.1.3 *The earnings before interest and tax to total assets ratio (X₃)*

Calculation of the earnings before interest and tax ratio at Bali Paragon Resort Hotel in 2015 can be explained as follows:

$$\begin{aligned} \text{EBITTA (X}_3\text{) 2015} &= \frac{\text{EBIT 2015}}{\text{Total Assets 2015}} \\ \text{EBITTA (X}_3\text{) 2015} &= \frac{(1.575.192.417,15)}{67.137.195.827,91} \\ \text{EBITTA (X}_3\text{) 2015} &= -0,0235 \end{aligned}$$

The earnings before interest and tax to total assets ratio (X₃) has a negative value of -0,0235. Thus, the company can be said to have difficulty in generating profit venture of the overall assets in 2015.

3.1.4 *The book value of equity to book value of debt ratio (X₄)*

The following is the calculation of the book value of equity to book value of debt ratio at Bali Paragon Resort Hotel in 2015:

$$\begin{aligned} \text{BVEBVD (X}_4\text{) 2015} &= \frac{\text{Book Value Of Equity 2015}}{\text{Book Value Of Debt 2015}} \\ \text{BVEBVD (X}_4\text{) 2015} &= \frac{65.202.156.075,34}{1.935.039.752,56} \\ \text{BVEBVD (X}_4\text{) 2015} &= 33,6955 \end{aligned}$$

The book value of equity to book value of debt ratio (X₄) has a positive value of 33,6955. The positive value of the book value of equity to book value of debt is meant to indicate the company is able to maintain the business been running since 2015.

3.1.5 *Z''- Score the company*

Calculation of the Altman Z-Score modification model can be explained as follows:

$$\begin{aligned}
 Z'' &= 6,56X_1 + 3,26X_2 + 6,72X_3 + 1,05X_4 \\
 &= 6,56 (0,0157) + 3,26 (-0,0030) + 6,72 (-0,0235) + 1,05 (33,6955) \\
 &= 0,1033 + (-0,0097) + (-0,1579) + 35,3803 \\
 &= 35,316
 \end{aligned}$$

Z'' - Score the company in 2015 is 35,316. Therefore, in 2015 the company was classified as having non-financial distress because the company was in the criteria non-financial distress with Z'' -Score $\geq 2,6$.

3.2 *Analysis of potential financial distress in 2016.*

The calculation result of potential financial distress use a Altman Z Score modification model at Bali Paragon Resort Hotel in 2016 shows that the Bali Paragon Resort Hotel periods in 2016 do not experience the condition of financial distress. This is based on the results of calculations which state that:

3.2.1 *The working capital to total assets ratio (X_1)*

Calculation of the working capital to total assets ratio at Bali Paragon Resort Hotel in 2016 can be explained as follows:

$$\begin{aligned}
 \text{WCTA } (X_1) \text{ 2016} &= \frac{\text{Working Capital 2016}}{\text{Total Assets 2016}} \\
 \text{WCTA } (X_1) \text{ 2016} &= \frac{4.378.752.633,58}{73.343.332.511,44} \\
 \text{WCTA } (X_1) \text{ 2016} &= 0,0597
 \end{aligned}$$

The working capital to total assets ratio (X_1) in 2016 has a positive value of 0,0597. The positive value of working capital to total assets is meant to indicate good activities of operational Bali Paragon Resort Hotel.

3.2.2 *The retained earnings to total assets ratio (X_2)*

Calculation of the retained earnings to total assets ratio at Bali Paragon Resort Hotel in 2016 can be explained as follows:

$$\begin{aligned}
 \text{RETA } (X_2) \text{ 2016} &= \frac{\text{Retained Earnings 2016}}{\text{Total Assets 2016}} \\
 \text{RETA } (X_2) \text{ 2016} &= \frac{(1.575.192.417,00)}{73.343.332.511,44} \\
 \text{RETA } (X_2) \text{ 2016} &= -0,0215
 \end{aligned}$$

The retained earnings to total assets ratio (X_2) in 2016 has a negative value of -0,0215. Thus, the company can be said to have difficulty in generating retained earnings from all assets in 2016. Obtaining negative retained earnings to total assets makes it difficult for companies to use retained earnings for investment purposes, purchases of equipment or used to pay off a portion of the company's debt.

3.2.3 *The earnings before interest and tax to total assets ratio (X₃)*

Calculation of the earnings before interest and tax to total assets ratio at Bali Paragon Resort Hotel in 2016 can be explained as follows:

$$\begin{aligned} \text{EBITTA (X}_3\text{) 2016} &= \frac{\text{EBIT 2016}}{\text{Total Assets 2016}} \\ \text{EBITTA (X}_3\text{) 2016} &= \frac{12.449.646.492,76}{73.343.332.511,44} \\ \text{EBITTA (X}_3\text{) 2016} &= 0,1697 \end{aligned}$$

The earnings before interest and tax to total assets ratio (X₃) in 2016 has a positive value of 0,1697. This reflects that the company in 2016 was able to reduce the use of costs.

3.2.4 *The book value of equity to book value of debt ratio (X₄)*

Calculation of the book value of equity to book value of debt ratio at Bali Paragon Resort Hotel in 2015 can be explained as follows:

$$\begin{aligned} \text{BVEBVD (X}_4\text{) Year 2016} &= \frac{\text{Book Value of Equity 2016}}{\text{Book Value of Debt 2016}} \\ \text{BVEBVD (X}_4\text{) Year 2016} &= \frac{68.720.221.835,32}{4.623.110.676,23} \\ \text{BVEBVD (X}_4\text{) Year 2016} &= 14,8645 \end{aligned}$$

The book value of equity to book value of debt ratio (X₄) in 2016 has a positive value of 14,8645. The positive value of the book value of equity to book value of debt is meant to indicate the company is able to maintain the business been running since 2016.

3.2.5 *Z''- score the company's*

Calculation of the Altman Z-Score modification model can be explained as follows:

$$\begin{aligned} Z'' &= 6,56X_1 + 3,26X_2 + 6,72X_3 + 1,05X_4 \\ &= 6,56 (0,0597) + 3,26 (-0,0215) + 6,72 (0,1697) + 1,05 (14,8645) \\ &= 0,3916 + (-0,0700) + 1,1404 + 15,6077 \\ &= 17,0697 \end{aligned}$$

Z''-Score the company's in 2016 is 17,0697. Therefore, 2016 companies are classified as not potentially financial distress because the company is in the criteria non-financial distress with Z''-Score ≥ 2,6.

3.3 *Analysis of potential financial distress in 2017*

The calculation result of potential financial distress use a Altman Z-Score modification model at Bali Paragon Resort Hotel in 2017 shows that the Bali Paragon Resort Hotel periods in 2017 do not experience the condition of financial distress. This is based on the results of calculations which state that:

3.3.1 *The working capital to total assets ratio (X₁)*

Calculation of the working capital to total assets ratio at Bali Paragon Resort Hotel in 2017 can be explained as follows:

$$\text{WCTA (X}_1\text{) 2017} = \frac{\text{Working Capital 2017}}{\text{Total Assets 2017}}$$

$$\begin{aligned} \text{WCTA } (X_1) \text{ 2017} &= \frac{852.949.311,74}{71.434.426.211,88} \\ \text{WCTA } (X_1) \text{ 2017} &= 0,0119 \end{aligned}$$

The working capital to total assets ratio (X_1) in 2017 has a positive value of 0,0119. The positive value of working capital to total assets is meant to indicate good activities of operational Bali Paragon Resort Hotel.

3.3.2 *The retained earnings to total assets ratio (X_2)*

Calculation of the retained earnings to total assets ratio at Bali Paragon Resort Hotel in 2017 can be explained as follows:

$$\begin{aligned} \text{RETA } (X_2) \text{ 2017} &= \frac{\text{Retained Earnings 2017}}{\text{Total Assets 2017}} \\ \text{RETA } (X_2) \text{ 2017} &= \frac{10.876.382.066,85}{71.434.426.211,88} \\ \text{RETA } (X_2) \text{ 2017} &= 0,1523 \end{aligned}$$

The retained earnings to total assets ratio (X_2) in 2017 has a positive value of 0,1523. Then, the company in 2017 has the ability to generate retained earnings from all assets.

3.3.3 *The earnings before interest and tax to total assets ratio (X_3)*

Calculation of the earnings before interest and tax to total assets ratio at Bali Paragon Resort Hotel in 2017 can be explained as follows:

$$\begin{aligned} \text{EBITTA } (X_3) \text{ 2017} &= \frac{\text{EBIT 2017}}{\text{Total Assets 2017}} \\ \text{EBITTA } (X_3) \text{ 2017} &= \frac{13.024.501.717,49}{71.434.426.211,88} \\ \text{EBITTA } (X_3) \text{ 2017} &= 0,1823 \end{aligned}$$

The earnings before interest and tax to total assets ratio (X_3) in 2017 has a positive value of 0,1823. This reflects that the company in 2017 was able to reduce the use of costs.

3.3.4 *The book value of equity to book value of debt ratio (X_4)*

Calculation of the book value of equity to book value of debt ratio at Bali Paragon Resort Hotel in 2017 can be explained as follows:

$$\begin{aligned} \text{BVEBVD } (X_4) \text{ 2017} &= \frac{\text{Book Value of Equity 2017}}{\text{Book Value of Debt 2017}} \\ \text{BVEBVD } (X_4) \text{ 2017} &= \frac{65.734.328.598,26}{5.700.097.613,73} \\ \text{BVEBVD } (X_4) \text{ 2017} &= 11,5321 \end{aligned}$$

The book value of equity to book value of debt ratio (X_4) in 2017 has a positive value of 11,5321. The positive value of the book value of equity to book value of debt is meant to indicate the company is able to maintain the business been running since 2017.

3.3.5 *Z''- score the company's*

Calculation of the Altman Z-Score modification model can be explained as follows:

$$\begin{aligned} Z'' &= 6,56X_1 + 3,26X_2 + 6,72X_3 + 1,05X_4 \\ &= 6,56(0,0119) + 3,26(0,1523) + 6,72(0,1823) + 1,05(11,5321) \\ &= 0,0781 + 0,4964 + 1,2251 + 12,1087 \\ &= 13,9083 \end{aligned}$$

Z'- the company's *score* in 2017 is 13,9083. Therefore, in 2017 the company was classified as not potential financial distress because the company in the criteria non-financial distress with Z'-Score $\geq 2,6$.

3.4 *Analysis of potential financial distress in 2018*

The calculation result of potential financial distress use the Altman Z-Score modification model at Bali Paragon Resort Hotel in 2018 shows that the Bali Paragon Resort Hotel periods in 2018 do not experience the condition of financial distress. This is based on the results of calculations which state that:

3.4.1 *The working capital to total assets ratio (X₁)*

Calculation of the working capital to total assets ratio at Bali Paragon Resort Hotel in 2018 can be explained as follows:

$$\begin{aligned} \text{WCTA (X}_1\text{) 2018} &= \frac{\text{Working Capital 2018}}{\text{Total Assets 2018}} \\ \text{WCTA (X}_1\text{) 2018} &= \frac{50.891.520,16}{72.419.131.110,16} \\ \text{WCTA (X}_1\text{) 2018} &= 0,0007 \end{aligned}$$

The ratio of working capital to total assets (X₁) in 2018 has a positive value of 0,0007. The positive value of working capital to total assets is meant to indicate good activities of operational Bali Paragon Resort Hotel.

3.4.2 *The retained earnings to total assets ratio (X₂)*

Calculation of the retained earnings to total assets ratio at Bali Paragon Resort Hotel in 2018 can be explained as follows:

$$\begin{aligned} \text{RETA (X}_2\text{) 2018} &= \frac{\text{Retained Earnings 2018}}{\text{Total Assets 2018}} \\ \text{RETA (X}_2\text{) 2018} &= \frac{23.646.146.739,80}{72.419.131.110,16} \\ \text{RETA (X}_2\text{) 2018} &= 0,3265 \end{aligned}$$

The retained earnings to total assets ratio (X₂) in 2018 has a positive value of 0,3265. Thus, the company in 2018 has the ability to generate retained earnings from all assets.

3.4.3 *The earnings before interest and tax to total assets ratio (X₃)*

Calculation of the earnings before interest and tax to total assets ratio at Bali Paragon Resort Hotel in 2018 can be explained as follows:

$$\begin{aligned} \text{EBITTA (X}_3\text{) 2018} &= \frac{\text{EBIT 2018}}{\text{Total Assets 2018}} \\ \text{EBITTA (X}_3\text{) 2018} &= \frac{14.415.171.242,74}{72.419.131.110,16} \\ \text{EBITTA (X}_3\text{) 2018} &= 0,1991 \end{aligned}$$

The earnings before interest and tax to total assets ratio (X₃) in 2018 has a positive value of 0,1991. This reflects that the company in 2018 was able to reduce the use of costs.

3.4.4 The book value of equity to book value of debt ratio (X_4)

Calculation of the book value of equity to book value of debt ratio at Bali Paragon Resort Hotel in 2018 can be explained as follows:

$$\begin{aligned} \text{BVEBVD } (X_4) \text{ 2018} &= \frac{\text{Book Value of Equity 2018}}{\text{Book Value of Debt 2018}} \\ \text{BVEBVD } (X_4) \text{ 2018} &= \frac{65.834.631.743,02}{6.584.499.367,28} \\ \text{BVEBVD } (X_4) \text{ 2018} &= 9,9984 \end{aligned}$$

The book value of equity to book value of debt ratio (X_4) in 2018 has a positive value of 9,9984. The positive value of the book value of equity to book value of debt is meant to indicate the company is able to maintain the business been running since 2018.

3.4.5 Z'' - score the company

Calculation of the Altman Z-Score modification model can be explained as follows:

$$\begin{aligned} Z'' &= 6,56X_1 + 3,26X_2 + 6,72X_3 + 1,05X_4 \\ &= 6,56 (0,0007) + 3,26 (0,3265) + 6,72 (0,1991) + 1,05 (9,9984) \\ &= 0,0046 + 1,0644 + 1,3380 + 10,4983 \\ &= 12,9053 \end{aligned}$$

Z'' -score the company in 2018 is 12,9053. Therefore, in 2018 companies are classified as not having potential *financial distress* because the company is in the criteria of non-financial distress with Z'' -Score $\geq 2,6$.

Based on the Altman Z-score modification calculation model, the position of potential financial distress at Bali Paragon Resort Hotel in 2015 to 2018 can be considered as follows:

Table 2. Classification of potential financial distress at Bali Paragon Resort Hotel in 2015 to 2018

Year	Z'' -score	Classification
2015	35,3160	<i>Non-Financial Distress</i>
2016	17,0697	<i>Non-Financial Distress</i>
2017	13,9083	<i>Non-Financial Distress</i>
2018	12,9053	<i>Non-Financial Distress</i>

Source: data processing results

4. Summary

Based on the result and discussion, it can be concluded that the analysis of *financial distress* at Bali Paragon Resort Hotel in 2015 to 2018 using Altman Z-score modification method shows the company has non-financial distress potential.

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The Analysis of Tax Planning Application of Article 21 Income Tax for Permanent Employees in Efficiency of Tax Expenses at CV Prima Abadi

Bambang W*, N K Sukasih, and L M Wahyuni

Accounting Department Politeknik Negeri Bali

Jalan Kampus Bukit Jimbaran, Kuta Selatan, Badung, Bali – 80364

*E-mail to: bambangwilaksono25@gmail.com

Abstract: This research aims to determine the comparison and the influence of the implementation of tax planning of article 21 income tax on the efficiency of tax expense on CV Prima Abadi. The focus of this research is tax planning through three methods of withholding Article 21 income tax, and there are three methods are gross method, net method and gross up method. The data analysis technique used in this research are quantitative descriptive analysis technique. Based on the results of research, it can be concluded that applying the gross up method is more efficient to provide savings than doing the net method and gross method, because the cost of article 21 income tax of the employees may be charged on a fiscal basis. The income tax economizing of company owed in 2018 amounted to Rp.10.025.371,00. However, as result of replacing the enjoyment into allowances, the company paid an additional article 21 income tax amounted to Rp.6.686.247,00. So the total savings of company Income Tax after the increasing of the article 21 income tax is Rp.3.339.124,00. CV Prima Abadi should change the method of calculating the deduction of Income Tax Article 21 from the net method into a gross up method.

Keywords: *Tax Planning, Income Tax Article 21, Gross Up Method, Income Tax Efficiency*

1. Introduction

Tax planning that can be done by a company, including planning taxes on income tax. Tax planning can be done as a whole, and can also be done on some types of taxes such as tax planning for income provided by the employer or known as Income Tax Article 21. Article 21 Income Tax is a tax on income in the form of salary, wages, honorarium, allowances and other payments in name and in any form relating to employment or position, services and activities carried out by private Tax Subjects in country, as referred to in Article 21 of the Income Tax Act.

The object of research in this study is a company called CV Prima Abadi located in Denpasar City, Bali. The company is engaged in general trading, including local trade between regions and businesses as suppliers, grossers, distributors and representatives / agencies of other business entities. The total gross circulation of CV Prima Abadi is Rp.20,853,150,800.00 with profit after tax of Rp.1,228,692,443.00. Tax planning for Income Tax Article 21 employees on CV Prima Abadi is very necessary He did so that in the next tax year (2019), the company can minimize its tax burden. Based on the profit and loss report on CV Prima Abadi in 2018 which indicates that this company has not implemented tax planning especially on Article 21 Income Tax for permanent employees because of the emergence of Article 21 Income Tax.

CV Prima Abadi has 41 permanent employees with 12 employees are deducted by article 21 income tax. Based on employee salary data in 2018, the company must pay Article 21 income tax to Rp.38,630,800. Article 21 Income Tax due is borne by the company. Based on the explanation described above, all tax obligations will definitely result in reducing company profits, so to be able to minimize these tax obligations, legal tax planning is required in accordance with the applicable laws and regulations and helps companies to prosper their employees and obtain greater profits.

2. Literature Review

2.1. Article 21 Income Tax

Income Tax is an official levy aimed at people who earn or on income received or obtained in the tax year to finance state expenditures [3]. Article 21 Income Tax is a tax on income in the form of salaries, wages, honoraria, benefits and other payments received or obtained by a domestic individual Taxpayer in connection with work or position, services and activities [1].

2.2. Article 21 Income Tax Withholding Method

Who bear the burden, then the policy or method of withholding Article 21 Income Tax that can be chosen by the Taxpayer is: 1) Article 21 income tax is borne by the employee (salary deduction). This method is commonly called the Gross Method. In this case, the amount of Article 21 Income Tax that is owed will be borne by the employee itself, so that it actually reduces income. 2) Article 21 income tax borne by the company. This method is commonly called the net method. The total article 21 income tax will be borne by the company concerned. Thus, the salary received by the employee is not reduced by article 21 income tax because the company bears the cost / burden of article 21 income tax. 3) Article 21 income tax is given in the form of benefits. This method is commonly called the gross up method. If article 21 income tax is given in the form of allowances, then the amount of the allowance will increase the income of employees and subject to Article 21 Income Tax [2].

3. Research method

The data analysis method used in this study is a quantitative descriptive method. Quantitative and descriptive analysis techniques in this study are looking at, collecting, calculating and analyzing, how the application of tax planning on article 21 income tax for permanent employees in an effort to improve the tax burden at CV Prima Abadi. The data used in this study is a list of employee salaries in 2018 and financial statements in the form of income statements in 2018.

4. Results and Discussion

CV Prima Abadi is a company engaged in general trading, including local trade between regions as well as suppliers, distributors and representatives or agencies of other business entities, both for their own calculations and for the dependents of other parties on a commission basis.

The object examined in this study is a list of salaries for 2018 employees and financial statements in the form of the 2018 income statement and the application of tax planning to CV Prima Abadi.

4.1. Article 21 Income Tax borne by Employees (Gross Method)

Based from the recapitulation of calculation of article 21 income tax in the CV Prima Abadi 2018 using gross method, the amount of article 21 income tax payable will be borne by the employee or deducted through the employee's salary in the amount of Rp.38,630,800.00 so that the burden of article 21 income tax results in reduced income for each employee.

4.2. Article 21 Income Tax borne by the Company (Net Method)

Based on Recapitulation of calculation of article 21 income tax in the CV Prima Abadi 2018 using net method, which is Rp.38,630,800.00, it same like net method, but the difference is when using the net income tax Article 21 method borne by the company or employer, from the employee's point of view there is no Article 21 income tax owed. So that it will not result in reduced employee income, but when

viewed from the perspective of the company, the company as a cutter or collector is obliged to pay and report article 21 income tax on the salary of the employee.

4.3 Article 21 Income Tax is given in the form of Allowances or Supports (Gross Up Method)

The following is an example of the calculation of Income Tax Article 21 owed to one of the employees of CV Prima Abadi by giving in the form of a full allowance (gross up) carried out in 2 (two) stages as follows:

1. Table 1 shows that stage 1 (one) calculates Article 21 Income Tax benefits in a year.

Table 1. Stage 1 to calculating income tax article 21 a year in rupiah

Description	Amount
Salary	144.000.000
Health benefits	11.865.600
Holiday allowance	14.400.000
Gross income	170.265.600
Deduction:	
Position allowance	6.000.000
Old Age Guarantee Fee	8.208.000
Total Reduction	(14.208.000)
Yearly / Annual Net Income	156.057.600
PTKP (K/2)	(67.500.000)
Taxable Income	88.557.600

The value of taxable income is in the second layer, so the gross up formula is used as follows:

$$\text{Taxable income} = ((\text{Taxable Income} \times 15\%) - 5.000.000) / 0,85$$

$$\text{Taxable income} = ((\text{Rp. } 88.557.600,00 \times 15\%) - 5.000.000) / 0,85$$

$$\text{Taxable income} = \text{Rp.}9.745.459,00$$

2. Table 2. shows that this second stage calculates Article 21 Income Tax after providing tax benefits.

Table 2. Stage 2 to calculating income tax article 21 after giving tax taxes in rupiah

Description	Amount
Salary	144.000.000
Tax Taxes	9.745.459
Health benefits	11.865.600
Holiday allowance	14.400.000
Gross income	180.011.059
Deduction:	
Position allowance	6.000.000
Old Age Guarantee Fee	8.208.000
Total Reduction	14.208.000
Yearly / Annual Net Income	165.803.059
PTKP (K/2)	67.500.000
Taxable Income	98.303.059
Article 21 Income Tax :	
5% x Rp 50.000.000	2.500.000
15% x Rp.48.303.059	7.245.459
Article 21 Income Tax	9.745.459

Table 3. Recapitulation of calculation of pph article 21 in the CV Prima Abadi in 2018 using gross up method in rupiah

Description	Amount
Salary	1.185.600.000
Tax Taxes	152.135.600
Health benefits	97.693.440
Holiday allowance	118.560.000
Gross income	1.553.989.040
Deduction:	
Position allowance	62.457.542
Old Age Guarantee Fee	67.579.200
Total Reduction	(130.036.742)
Yearly / Annual Net Income	1.423.952.298
PTKP	733.500.000
Taxable Income	690.452.000
Total of Article 21 Income Tax	152.135.600

Based on the table above, the total income tax Article 21 that is supported by the company or employer is Rp.152,135,600.00 and that amount is fiscal deductible because deductions are part of the income received by employees. In calculations, sometimes there is a difference between calculations according to gross up formula and calculation of Income Tax Article 21 after incorporating gross up.

4.4. Comparison and influence of the application of article 21 income tax of tax planning on the amount of tax expenses on CV Prima Abadi

The effect of applying tax planning on Article 21 Income Tax on the total tax burden on CV Prima Abadi 2018 tax year can be projected in Table 4. as follows:

Table 4. CV Prima Abadi profit / loss projection for the period that ended December 31, 2018 in rupiah

Description	Net Method	Gross Method	Gross Up Method
A. Sales			
Sale of finished goods	20.853.150.800	20.853.150.800	20.853.150.800
Total income	20.853.150.800	20.853.150.800	20.853.150.800
Total cost of goods sold	12.266.857.350	12.266.857.350	12.266.857.350
			-
Gross profit on sales	8.586.293.450	8.586.293.450	8.586.293.450
Total cost on sales	3.012.443.327	3.012.443.327	3.012.443.327
Total business costs	7.138.830.181	7.138.830.181	7.184.147.228
			-
Operational profit	1.447.463.269	1.447.463.269	1.402.146.222
D.1 Non business income			
Current account revenue	0	0	0
Other income	3.163	3.163	3.163
Total non-business income	3.163	3.163	3.163

D.2 Out-of-business expenses			
Income tax art. 21	0	0	0
Bank administration expenses	3.441.500	3.441.500	3.441.500
Current account service tax	0	0	0
Total Out-of-business expenses	3.441.500	3.441.500	3.441.500
Net Profit (Loss) Before Tax	1.444.024.932	1.444.024.932	1.398.707.885
Tax Income	319.457.837	319.457.837	309.432.466
Net Profit (Loss) After Tax	1.124.567.095	1.124.567.095	1.089.275.418

Based on table 4, it can be seen that by applying the gross method, the amount of corporate income tax owed is the same as the net method, which is Rp.319,457,857.00, whereas when applying the gross up method, the amount of corporate income tax is smaller, which is Rp.309,432,466 .00. So, the total efficiency of Corporate Income Tax in CV Prima Abadi can be seen in Table 5 as follows:

Table 5. Efficiency of company income tax if applying tax planning article 21 income tax with gross up method in rupiah

Description	Amount
Company Income Tax before tax planning	319.457.837
Company Income Tax after tax planning	309.432.466
Company Income Tax Saving	10.025.371
Article 21 Income Tax before tax planning	38.630.800
Article 21 Income Tax after tax planning	45.317.047
Increase Article 21 Income Tax	6.686.247
Company Income Tax Saving After Increase Article 21 Income Tax	3.339.124

From the calculation that has been done, get the efficiency of Corporate Income Tax amounting to Rp.3,339,124.00 or equal to 1% of Corporate Income Tax. The results of this calculation indicate that the Article 21 employee income tax deduction method that is most appropriate to use to minimize the tax burden on CV Prima Abadi is the method of giving PPh 21 allowances to employees (gross up method).

Based on the benefits obtained by both parties, the provision of Article 21 Income Tax benefits to employees (gross up method) can streamline the tax burden compared to the PPh borne by the employee (gross method) and income tax borne by the company (net method).

5. Conclusions and suggestions

Based on the formulation of the problem and the results of the study, the conclusions that can be drawn are as follows:

1. From the three policy methods or the method of withholding Article 21 Income Tax, it can be seen that in the gross method the amount of Article 21 Income Tax payable will be borne by the employee a number of the 21 Article Income Tax payable together with the calculation using the net method borne by the company or employer. This amount cannot be deducted or financed from the company's gross income (non-deductible expense). Whereas in the gross up method,

the amount of Article 21 Income Tax payable by the company in the form of allowances to employees and these costs can be deductible in a fiscal manner.

2. If the company implements tax planning through the selection of policies or the method of withholding Article 21 PPh given in the form of benefits (gross up) it will result in savings in corporate income tax payable, because the Article 21 Income Tax benefits can be charged both commercially and fiscally. Can be seen from the projected amount of corporate income tax payable in 2018.

Based on the above conclusions, suggestions that can be given for CV Prima Abadi include:

1. Prima Abadi CV in an effort to streamline the company's tax burden should change the calculation method for deducting the Income Tax Article 21 from the net method (borne) into gross up method (given allowance or support).
2. Choosing and using the method of withholding Article 21 Income Tax in the form of gross up, the company will benefit from saving the corporate income tax, besides that the benefits for company employees due to the take home pay received are not reduced, so that the welfare of company employees is guaranteed.
3. Implementation of gross up method in Article 21 Income Tax treatment is also expected that companies do not do tax avoidance illegally, but gross up method is a legal calculation and does not violate applicable tax regulations with the amount of tax that can be minimized and does not interfere with the company's financial condition.

6. Acknowledgment

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The Effect of Budgetary Participation, Budget Emphasis, and Compensation on Budgetary Slack at Ayodya Resort Bali

N K Dwiandriani*, I M M Arsana, and I M Suarta

Accounting Department – Politeknik Negeri Bali

Jalan Kampus Bukit Jimbaran, Kuta Selatan, Badung, Bali - 80364

*E-mail: kadekdwiandriani@gmail.com

Abstract. The directors and managers at Ayodya Resort Bali participated in company budgeting and were pressured to be able to achieve budgeting target, therefore, the directors and managers simplified budgeting target achievement through budgetary slack to gain compensation in the form of bonus. This study aimed to know the effect of budgetary participation, budget emphasis and compensation on budgetary slack both partially and simultaneously at Ayodya Resort Bali. The type of data used in this study was primary data obtained through distributing questionnaire to the respondents consisted of the directors of each department and the managers of each section per department at Ayodya Resort Bali. The sampling methods used in the study were saturated sampling technique for all directors and simple random sampling technique for the managers. The data were analyzed by using simple linear regression analysis and multiple linear regression analysis. The results of the study showed that: (1) Budgetary participation had a significant positive effect on budgetary slack. (2) Budget emphasis had a significant positive effect on budgetary slack. (3) Compensation had a significant positive effect on budgetary slack. (4) Budgetary participation, budget emphasis and compensation simultaneously had a significant positive effect on budgetary slack. This suggests that increased participation in budgeting followed by negative behavior and high emphasis on achieving the target budget for compensation will tend to increase the occurrence of budgetary slack.

Keywords: *budget, budgetary participation, budget emphasis, compensation, budgetary slack*

1. Introduction

Budget is a plan used as a guideline in undertaking the operational activities of a company [1]. Ayodya Resort Bali as one of five-star hotels in Nusa Dua Region, Bali must be able to win business competition by creating effective and efficient company performance through constructing a good plan and control in the form of budgeting. In the process of budgeting and implementing the budget of the company at Ayodya Resort Bali, the directors of each department and the managers of each section per department were included. It was in line with the Agency Theory which states that the owner of the hotel delegates the responsibility of undertaking task and decision making to the subordinating party [2].

The involvement of the subordinating party in budgeting is called as budgetary participation. The participation of the directors and the managers in budgeting raises positive and negative behavior [3], however, the behavior arise at Ayodya Resort Bali was negative behavior in which the directors and the managers misused their authority in budgeting and setting the budget by establishing budgetary slack in which it was budgeting lower revenue and budgeting higher costs. The indication of budgetary slack could be seen on the following table:

Table 1. Budget and Revenue and Cost Realization in 2016-2018

Year	Budget	Revenue		Budget	Cost	
	Revenue (Rp)	Realization (Rp)	(%)	Cost (Rp)	Realization (Rp)	(%)
2016	90.814.475.000	90.832.225.347	100	61.077.591.000	57.412.935.540	94
2017	91.016.525.000	92.071.508.545	101	61.280.091.000	58.828.887.360	96
2018	91.216.625.000	93.298.993.446	102	61.482.591.000	54.719.505.990	89

Table 1 reflected the existence of budgetary slack. The difference between the budget and the realization both in revenue and cost in 2016-2018 periodically resulted a higher deviation. This indicated the unproductive actions of the directors and managers by setting low revenue budget targets and high cost budget targets, so that the hotel owner assumed that the directors and managers were able to achieve the budget targets well.

At Ayodya Resort Bali, the budget was used as the most dominant factor in measuring the performance of subordinates, thus, the directors and managers were pressured by the hotel owner to be able to achieve the budget target and be able to provide good final results without considering the process of achieving the budget target, this condition is called budget emphasis.

The directors and managers who were able to achieve the budget target would be compensated in the form of bonuses by the hotel owner. The bonus would only be paid if the budget target was achieved, therefore, the directors and managers who had a bonus program would be unproductive by creating budgetary slack to facilitate the achievement of the budget target and get a bonus for achieving the budget target. This could be detrimental to the company because the bonus that should not be paid became paid to the directors and managers who were able to achieve the budget target by establishing budgetary slack.

Based on the issue above, the problem formulation to be discussed in this study were: 1) Did budgetary participation affect budgetary slack at Ayodya Resort Bali?, 2) Did budget emphasis affect budgetary slack at Ayodya Resort Bali?, (3) Did compensation affect budgetary slack at Ayodya Resort Bali?, 4) Did budgetary participation, budget emphasis, and compensation affect budgetary slack at Ayodya Resort Bali? Based on the problem formulation, the objectives of this study were: 1) To determine the effect of budgetary participation on budgetary slack at Ayodya Resort Bali, 2) To determine the effect of budget emphasis on budgetary slack at Ayodya Resort Bali, 3) To determine the effect of compensation on slack budget at Ayodya Resort Bali, 4) To determine the effect of budget participation, budget emphasis, and compensation on budgetary slack at Ayodya Resort Bali.

2. Theoretical Basis

This study was based on some theories in which the first theory was agency theory that studies about the relation of related parties that have functional and structural relationship between principal and agent [2].

The second theory was budgeting theory in which it is about arrangement of work plans or operational activities of an organization which is stated quantitatively and systematically for a certain period [4].

The third theory was budgetary participation theory which is about the process of cooperation in decision making involving two or more groups that influence the decision making in the future [5].

The fourth theory was theory about a condition where there is pressure from superiors to subordinates to implement a budget that has been well targeted and make the budget as a benchmark for subordinate performance, this theory is called the theory of budget emphasis [6].

The fifth theory was compensation theory which is about a number of awards given by a company to employees as a reward for services in carrying out the duties, obligations, and responsibilities imposed [7].

The sixth theory was the theory of budgetary slack which is the budgeting process in which it is found a deliberate distortion by lowering the revenue budget and increasing cost budget [2].

The seventh theory which based this study was the theory regarding the link between budgetary participation, budget emphasis, and compensation with budgetary slack. This theory discusses about the emergence of budgetary slack resulting from budgetary participation with negative behavior accompanied by pressure from superiors to achieve budget targets with perfect results. For achieving these targets, compensation can be paid [2].

3. Operational Variable Definition

3.1 Independent Variable

The independent variables in this study consisted of 3 variables, namely:

3.1.1 Budgetary Participation

Budgetary participation is the level of involvement and influence of the managers in the budgeting process. Budgetary participation consisted of six indicators, namely participation in budgeting, the intensity of superiors asking for opinions about the budget, satisfaction in budgeting, the intensity of giving opinions in budgeting, the magnitude of the influence of opinions given to the final budget, and the importance of the contribution made in budgeting.

3.1.2 Budget Emphasis

Budget emphasis is a condition where the budget is the most dominant factor used in measuring the performance of subordinates in an organization. Budget emphasis consisted of six indicators, namely the budget is used as a performance control tool, the budget is used as a benchmark for performance, the budget is used as a work target, awards are given when someone is able to reach the budget target, bonuses are given when budget target is achieved, and the budget is used as a trigger for a high productivity.

3.1.3 Compensation

Compensation is an award given by a superior to subordinates for the duties and responsibilities that have been given or charged previously. Compensation consisted of six indicators, namely income earned commensurate with work contributions, obtaining benefits outside of salary in line with expectations, earning commissions in line with expectations, obtaining rewards fosters enthusiasm for work, compensation obtained when good and good performance, and self-recognition is obtained based on achievements of work result.

3.2 Dependent Variable

The dependent variable in this study was the budget slack which was the difference between the budget reported and the budget in accordance with predetermined standards. Budgetary slack consists of six indicators, namely the standard set in the budget does not encourage increased productivity, the budget is easily proposed, there are no restrictions that must be paid attention to especially the limits set for costs, the budget does not require specific things, the budget does not encourage efficiency, and general targets applied in the budget are easy to achieve.

4. Hypothesis

Budget participation had a positive and significant effect on budgetary slack [3.7]. In this study, the first hypothesis (H1) was that budgetary participation has a positive effect on budgetary slack.

Budget emphasis had a positive and significant effect on budgetary slack [3.8]. The second hypothesis (H2) in this study was that budget emphasis had a positive effect on budgetary slack.

Compensation had a positive effect on budgetary slack [2.7]. The third hypothesis (H3) in this study was that compensation had a positive effect on budgetary slack.

The fourth hypothesis (H4) in this study was budget participation, budget emphasis, and compensation had a positive effect on budgetary slack. This was in line with previous researches which stated that compensation had a positive effect on budgetary slack [3].

5. Methodology

5.1 Type of the Data

The type of data used in this study was quantitative data and qualitative data. Quantitative data consists of budget data and the realization of the company's budget and the results of the questionnaire in the form of a score of the respondents' answers which are summarized using a Likert scale. Qualitative data in the form of company organizational structure information.

5.2 Source of Data

The sources of the data in this study were divided into two, including primary data in the form of survey results on budgetary participation, budget emphasis, compensation, and budgetary slack, while secondary data in the form of names and positions of directors and managers of Ayodya Resort Bali, job descriptions of directors and managers in budgeting, and the types of compensation provided by the owner of the Ayodya Resort Bali to directors and managers who are able to reach the budget target.

5.3 Sampling Procedure

5.3.1 Population

The population in this study was all directors of each department amounted to 9 people and managers of each section per department amounted to 28 people.

5.3.2 Sample

The determination of the sample in this study was done in two ways, namely using a saturated sample for all directors amounted to 9 people, and simple random sampling for managers amounted to 21 people obtained by calculating the Slovin formula as follows:

$$n = \frac{28}{1 + 28 * 0.1^2} = 21$$

The total sample in this study was 30 samples.

5.4 Data Collection Technique and Instrument

The data in this study were collected by doing a field study namely through an interview with the Chief Accounting to know budget information and budget realization of the company and through distributing questionnaire to collect the data from the respondents about budgetary participation, budget emphasis, compensation, and budgetary slack.

The instrument used to collect the data was a questionnaire in the form of a list of written statements addressed to respondents regarding budgetary participation, budget emphasis, compensation, and budgetary slack with 6 indicators each.

5.5 Data Analysis Technique

Data analysis techniques in this study were carried out with various stages that were processed using SPSS Version 23 program, including instrument tests consisted of validity and reliability tests, classic assumption tests consisted of normality tests, heteroscedasticity tests, and multicollinearity tests, and hypothesis testing methods consisted of simple linear regression analysis included with the t test to measure the effect partially and multiple linear regression analysis to measure the effect simultaneously included with the F test, the coefficient of determination test (R²), and the t test.

6. Result and Discussion

6.1 Instrument Test

Instrument testing is done by validity and reliability testing. The questionnaire distributed was declared valid and reliable which had fulfilled the Pearson Correlation ≥ 0.3 value and Cronbach Alpha value > 0.6 .

6.2 Classic Assumption Test

The classic assumption tests used in this study were the normality test, the heteroscedasticity test, and the multicollinearity test. All variables were declared normally distributed because the value was above 0.05 with an Asymp value. Sig. (2-tailed) of 0.173, 0.200, 0.117 and 0.056. The regression model in this study was measured using scatterplots and was declared free from heteroscedasticity because the point distribution did not form a certain pattern. In addition, the regression equation model was free from multicollinearity because the VIF value is < 10 , namely 2.072, 1.321, and 1.878.

6.3 Simple Linear Regression Analysis

This simple linear regression analysis was used to measure the effect of the independent variables on the dependent variable partially and to test H1, H2, and H3.

Table 2. Results of Simple Linear Regression Analysis of the Three Independent Variables

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	R	R Square	F
	B	Std. Error	Beta					
(Constant)	4,350	2,717		1,601	0,121			
Budgetary Participation (X1)	0,803	0,144	0,725	5,566	0,000	0,725	0,525	30,982
(Constant)	2,611	3,001		0,870	0,392			
Budget Emphasis (X2)	0,877	0,156	0,728	5,616	0,000	0,728	0,53	31,539
(Constant)	4,271	2,874		1,486	0,148			
Compensation (X3)	0,806	0,152	0,707	5,288	0,000	0,707	0,5	27,964

6.3.1 The Effect of Budgetary Participation on Budgetary Slack

Based on table 2, the value of R square obtained was 0.525 or 52.5% which meant that budgetary participation had a positive effect on budgetary slack by 52.5%. In addition to the R square value, the significance level of the regression model was also presented, which meant that this regression model had a significantly smaller value than the 5% criterion. Therefore, the regression equation model based on research data was significant. Table 2 also presented the values of each coefficient of constants and independent variables expressed as $Y = 4,350 + 0.803X$. The constant value of 4,350 stated that if there was no budgetary participation ($X = 0$) then the value of the budgetary slope (Y) was 4,350. The value of 0.803 found in the regression coefficient of budget participation stated that between budgetary participation and budgetary slack there was an effect where each increase of one unit of budgetary participation would cause an increase in budgetary slack of 0.803.

The significant positive effect of budgetary participation on budgetary slack indicated that the more companies that participate in budgeting and behaved negatively to facilitate the achievement of budget targets, the greater the level of budgetary slack occurred. Therefore, the first hypothesis (H1) could be accepted.

This result was in accordance with previous researches which stated that budgetary participation had a positive effect on budgetary slack [2,3]. The participation of directors and managers in budgeting caused a negative behavior, namely the establishment of budgetary slack in order to facilitate the achievement of budget targets.

6.3.2 *The Effect of Budget Emphasis on Budgetary Slack*

Based on table 2, the R square value obtained was 0.530 or 53%, which meant that budgetary emphasis had a positive effect on budgetary slack by 53%. In addition to the R square value, the significance level of the regression model was also presented, which meant that this regression model had a significantly smaller value than the 5% criterion. Thus, the regression equation model based on research data was significant. Table 2 also presented the values of each coefficient of constants and independent variables expressed as $Y = 2,611 + 0.877X$. A constant value of 2,611 stated that if there was no budget emphasis ($X = 0$) then the value of the budgetary slack (Y) was 2,611. The value of 0.877 contained in the regression coefficient of the budget emphasis stated that between the budget emphasis and budgetary slack there was an effect where each increase of one unit of the budget emphasis caused an increase in budgetary slack of 0.877.

The significant positive effect of the budget emphasis on budgetary slack made the second hypothesis (H2) accepted. The results of this study were in accordance with the results of previous researches which stated that budget emphasis had a positive effect on budgetary slack [3]. This budget emphasis occurs if the performance of the agent is judged based on the achievement of the company's budget targets, then the manager will try to obtain a favorable variance by creating a budgetary slack [2]

Ayodya Resort Bali itself used the budget as the sole benchmark of the performance of directors and managers, which was based on whether or not the budget target was achieved and the hotel owner only assessed the final results without considering the process that was passed in achieving the budget target. This certainly encouraged directors and managers to create a budgetary slack that was done by loosening the budget where the revenue budget was arranged lower and the cost budget was prepared higher. This budget easing was done so that directors and managers could easily achieve predetermined budget targets and obtain favorable variances thus the performance of the directors of each department and the managers of each section per department looked good in the eyes of the hotel owner.

6.3.3 *The Effect of Compensation on Budgetary Slack*

Based on table 2, the R square value obtained was 0.500 or 50% which meant that compensation had a positive effect on budgetary slack by 50%. In addition to the R square value, the significance level of the regression model was also presented, which meant that this regression model had a significantly smaller value than the 5% criterion. Thus, the regression equation model based on research data was significant. Table 2 also presented the values of each coefficient of constants and independent variables expressed as $Y = 4,271 + 0.806X$. The constant value of 4.271 stated that if there was no compensation ($X = 0$) then the value of the budgetary slack (Y) was 4.271. The value of 0.806 found in the compensation regression coefficient stated that between compensation and budgetary slack, there was an effect where each increase of one compensation unit caused an increase in budgetary slack of 0.806.

The third hypothesis (H3) in this study was acceptable because compensation had a significant positive effect on budgetary slack. This was in accordance with previous researches which stated that compensation had a positive effect on budgetary slack [7]. Giving bonuses to subordinates who are able to achieve predetermined budget targets will tend to be less favored since to facilitate the achievement of budget targets, these subordinates will establish a budgetary slack [7]. The directors and managers at Ayodya Resort Bali also took less productive actions by establishing a budgetary slack by setting a lower income budget and a higher cost budget. When the director and manager realized the budget, a favorable variance was obtained and the performance of the directors and managers was assessed automatically both by the hotel owner and compensation in the form of bonuses then were paid.

6.4 *Multiple Linear Regression Analysis*

This multiple linear regression analysis was used to measure the effect of independent variables on the dependent variable simultaneously and to test H4.

Table 3. Results of Multiple Linear Regression Analysis

Variabel	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	R	R ²	Adjusted R ²	F Hitung	Sig. F
	B	Std. Error	Beta							
	(Constant)	4,138	2,521							
Budgetary Participation (X1)	0,297	0,149	0,268	1,992	0,0570	0,879	0,773	0,746	29,45	0,000
Budget Emphasis (X2)	0,558	0,130	0,463	4,304	0,0002					
Compensation (X3)	0,390	0,146	0,342	2,666	0,0130					

6.4.1 Effects of Budgetary Participation, Budget Emphasis, and Compensation on Budgetary Slack

Based on the table 3, The multiple linear regression equation obtained was:

$$Y = a + B_1X_1 + B_2X_2 + B_3X_3 + e$$

$$Y = 4,138 + 0,297X1 + 0,558X2 + 0,390X3 + e$$

A constant value of 4,138 had a positive value which meant that if the budgetary participation variable (X1), budget emphasis (X2), and compensation (X3) were constant or 0, then the budgetary slack value was 4,138 units.

The value of 0.297 contained in the budget participation regression coefficient (X1) stated that between budgetary participation and budgetary slack, there was an effect where each increase in one unit of budgetary participation caused an increase in budgetary slack by 0.297 assuming a constant budgetary emphasis (X2) and compensation (X3). Similarly, so was the regression coefficient of budget emphasis (X2) and compensation (X3).

Table 3 showed the resulting significant value was 0.000 where the value was smaller than the significance criterion of 0.05 and Adjusted R square in the table showed the value of 0.746 or 74.6%. It meant that budgetary participation, budget emphasis, and joint compensation (simultaneous) had a significant effect on budgetary slack at Ayodya Resort Bali. The value of 74.6% in adjusted R square stated that 74.6% of variation in budgetary slack was affected by variations in budgetary participation, budget emphasis, and compensation. In addition, budgetary participation, budget emphasis, and compensation were directly proportional to budgetary slack, where the higher participation of the agents in budgeting was accompanied by the emergence of negative behavior and pressure from the employer to be able to achieve the budget target thus the performance of the agents looked good, and able to obtain compensation in the form of bonuses which increased the budgetary slack occurred.

The calculation of F value of 29,450 in table 3 with a significance of 0.000 indicated a significantly smaller probability than the significant criterion of 0.05. This showed the model used in this study was feasible. Budgetary participation, budget emphasis and compensation could be used to predict budgetary slack or it could be said that budgetary participation, budget emphasis, and compensation simultaneously affect budgetary slack.

The results of this study were in accordance with previous researches which stated that budgetary participation, budget emphasis, and compensation simultaneously had a positive effect on budgetary slack [3]. Therefore, the fourth hypothesis (H4) which stated that budgetary participation, budget emphasis, and compensation had a positive effect on budgetary slack could be accepted.

7. Conclusion

Based on the results of the study and discussion, the conclusion drawn was that budgetary participation had a significant positive effect on budgetary slack, in which when budgetary participation increased by 1 unit, budgetary slack would increase by 0.083. It meant that increasing participation in the budgeting process of the company accompanied by negative behavior to facilitate the achievement of budget targets tended to increase the budgetary slack.

Budget emphasis had a significant positive effect on budgetary slack, in which when the budget emphasis increased by 1 unit, the budgetary slack increased by 0.877 units. It meant that the higher the

emphasis of the principal on the performance of the agents in achieving the targeted budget tended to increase the budgetary slack.

Compensation had a significant positive effect on budgetary slack, in which when compensation increased by 1 unit, the budgetary slack increased by 0.806 units. It meant that the higher the compensation in the form of a bonus given on due to achieving the budget target, the higher the agents' tips in facilitating the achievement of the budget target through budgetary slack.

Budgetary participation, budget emphasis, and compensation simultaneously had a significant positive effect on budgetary slack, in which when the variable of budgetary participation, budget emphasis, and compensation were constant or 0, the budgetary slack increased by 4,138 units. It meant that the higher the agents' participation in budgeting followed by negative behavior and the high emphasis on achieving the target budget for compensation in the form of bonuses, the higher the budgetary slack occurred.

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Analysis and Evaluation of Internal Control Accounting Information System on Cash Receipts and Cash Disbursements at LPD Desa Adat Jadi

I G A A Dina Purnama D*, I K Parnata, and I W Purwanta Suta
Accounting Department Politeknik Negeri Bali
Jalan Kampus Bukit Jimbaran, Kuta Selatan, Badung, Bali – 80364

*E-mail : dinapurnama37@gmail.com

Abstract. This study aims to evaluate internal control over the accounting information system for cash receipts and cash disbursements at LPD Desa Adat Jadi. The results of this study are expected to provide constructive advice in improving the application of internal controls that can minimize the potential fraud and misappropriation of LPD Desa Adat Jadi's assets. This type of research is a case study using two types of data namely primary and secondary data. Data collection techniques used were interviews, observation and documentation. The analytical technique used is descriptive analysis techniques that is by explaining the accounting information systems for cash receipts and cash disbursements and descriptive comparative analysis through a comparison of the application of internal control information systems to cash receipts and cash disbursements of LPD Desa Adat Jadi with the theory of internal control according to COSO. The results of the study show that the cash receipts and cash disbursements systems each have three activities derived from voluntary savings, time deposits and monthly loans. The results of evaluating the implementation of internal accounting information systems at LPD Desa Adat Jadi, so that they are not fully compliant with the five components of COSO internal control, only information and communication components are in accordance with COSO theory. The four components that are not in accordance with COSO are internal environment, risk assessment and risk response, control activities, and monitoring.

1. Introduction

Accounting information systems are needed in a business to provide clear and relevant information that used as a basis for decision making. The company can design the application of accounting information system manually or computerized. Manually changing accounting internal control to become computerized will have an impact on the implementation of existing internal controls. Internal control is a process designed to provide rational confidence in achieving the objectives of financial reporting reliability, effectiveness and efficiency of operations, the suitability of the organization with existing rules and regulations. The COSO internal control framework is widely accepted and widely used as an authority for internal control which is incorporated into policies and regulations which are used to control business activities. The COSO internal control framework covers consists of five components namely internal environment, risk assessment and risk response, control activities, information and communication, and monitoring [1]

LPD Desa Adat Jadi start operating again on August 2, 2017 and have three types of products such as: voluntary savings products, time deposits and monthly loans. The three products are closely

related to cash receipts and cash disbursements that occur every day. LPD Desa Adat Jadi now using a computerized system namely ussi to support operational activities every day, it also aims to rebuild public credibility with LPD Desa Adat Jadi after there have been instances of misappropriation of assets resulting in a loss of public credibility in LPD performance.

The results of interviews and observations that have been made show the results that there are several applications that contradicts with the theory and scientific studies of internal control, especially in the component of control activities regarding segregation of duties. The Chief of LPD Desa Adat Jadi concurrently as an accounting officer in charge of input to the system, responsible for cash storage and authorizes payment of time deposits and credit realization. Treasurer and secretary of LPD Desa Adat Jadi at the same time carry out the task as collector officer namely to receive money from customers and fill in the documents needed in transaction activities. Treasurer and secretary can input into the system if the accounting officer is busy. All employees can access the system using the same user. Although all of these activities are monitored by the supervisory board, this is contradicts with the theory conveyed by Romney dan Steinbart (2017) which states that good internal control requires that no employee be given too much responsibility in handling business transactions or processes [1].

In the research conducted by Rahmawati (2018) the results show that the accounting function that doubles the task of handling cash receipt transactions and cash disbursements which results in the accounting system for cash receipts and cash disbursements at KSPPS Tunas Artha Mandiri Syariah has not been going well [2]. Another study conducted by oleh Miroga (2015) obtained results of 12.5% of businesses that did adequate separation, the remaining 87.5% did not separate their duties. In this study also states that business age has a positive effect on internal control of cash. The older business age has the stronger internal control of cash and vice versa [3].

2. Research Method

Research uses qualitative data types and using collection techniques with interviews, observation and documentation. This research uses primary and secondary data sources. Primary data sources are data obtained directly through interviews with the Chief LPD, Chief of Supervisors and LPD Desa Adat Jadi's collector related to information about cash receipts and cash disbursement procedures, assignments, internal controls that have been implemented and the history of the establishment of LPD Desa Adat Jadi. Secondary data sources are obtained through documentation data collection techniques that produce information in the form of an organizational structure, documents used to handle cash receipt and cash disbursement transactions and files of regulations issued by the governor.

The analysis technique used in this study is descriptive and descriptive comparative technique. Descriptive analysis techniques are used to explain accounting information systems for cash receipts and cash disbursements. Descriptive and comparative analysis techniques are used to describe the internal controls that are applied to LPD Desa Adat Jadi then compare with the theory of the Committee of Sponsoring Organization (COSO) which is used as a reference and previous research conducted by Adi Nugroho (2016) and Arisanthi (2018).

3. Result and Discussion

3.1 Accounting Information Systems Cash Receipts and Cash Disbursements at LPD Desa Adat Jadi

Routine cash receipts and cash disbursements occur in LPD Desa Adat Jadi from three types of products offered, namely voluntary savings, time deposits and monthly loans. Cash receipts activities consist of voluntary savings deposits and time deposits as well as monthly credit installments. Regular cash receipts from the three activities form a cash receipt procedure that involves several functions, documents and records. The functions involved are collector functions and accounting functions. Documents used to handle cash receipt transactions depend on cash receipts. Documents for handling voluntary savings deposits namely savings fees, prima savings notes and voluntary savings books. The documents used for depositing deposits are proof of cash receipts and deposits, while the proof of cash-in, prime credit notes

and installment cards is used to handle payment transactions of monthly credit. LPD Desa Adat Jadi have manual and computerized records. Manual records in the form of a daily cash book that contains a recapitulation of cash receipts while computerized notes are carried out on the user menu program owned by ussi. The user menu used is a savings teller, deposit teller and credit teller.

Cash disbursements on LPD Desa Adat Jadi are derived from the activities of withdrawing voluntary savings, disbursing deposits and credit. There are three functions related to cash receipt activities, namely the collector's function, accounting function and authorization function when credit disbursement occurs. The documents used for cash disbursement transactions originating from these three products are prima savings notes, proof of cash payment, voluntary savings books, deposit notes, loan application letters, loan agreement letters, proof of acceptance and withdrawal, prima credit notes and installment cards. Note that cash spending activities are used as cash receipt records using manual and computerized records. Manual records in the form of a daily cash book that contains a recapitulation of cash disbursements while computerized notes are carried out on the user menu program owned by ussi. The user menu used is a savings teller, deposit teller and credit teller.

3.2 Internal Control at LPD Desa Adat Jadi

This study uses an internal control framework according to COSO and based on research conducted by Adi Nugroho (2016) dan Arisanthi (2018). This study uses an internal control framework according to COSO and based on research conducted by Adi Nugroho (2016) and Arisanthi (2018). The COSO control framework consists of five components, which consists of important elements. The first component, namely the internal environment contains several elements, namely commitment to integrity and ethical values, commitment to competence, rules and codes of ethics, organizational structure, authority and responsibilities as well as human resource standards that attract, develop and maintain computational individuals. The risk assessment and risk response component include elements of natural disasters or political riot, new products and activities, information systems and new technologies and new personnel. The control activity component contains elements of good document design with printed sequence numbers, adequate authorization, segregation of duties, security of record and data assets and independent performance checks. Components of information and communication consist of the following elements, namely identifying and recording all valid transactions, classifying transactions correctly, recording transactions in the appropriate accounting period and presenting and disclosing the right financial statements. The last component is supervision which consists of elements of effective supervision and internal auditing [1] [4] [5].

Based on the results of the analysis that has been carried out the results show that there are three elements of the internal environment not applied in accordance with the theory. The discrepancy was caused by LPD Desa Adat Jadi they did not have written regulations governing the employee code of ethics, division of duties, authority, responsibilities, rights and obligations of employees and written regulations regarding witnesses for violations committed by employees. LPD Desa Adat Jadi should pay attention to the elements of the internal environment because according to Romney dan Steinbart (2017) the internal environment is the basis of all other components. Weak or inefficient internal environment can cause damage in management and risk control [1].

The elements of the second component that is risk assessment and risk response are not fully in accordance with the theory due to the failure to fulfill two elements, namely natural disasters or political unrest and new personnel. LPD Desa Adat Jadi just backup into the flash disk. This is said to be inappropriate because offline data storage media is not reliable enough to be used as a storage medium for a long time [6]. Data storage should be done on online media that have large capacity with a high level of security such as Google Drive, so data loss can be prevented. Incompatibility also occurs in hard copy data storage which is only placed in an adequate closing door cabinet. Until now LPD Desa Adat Jadi have not yet had a Standard Operating Procedure that regulates the recruitment of new employees. This will lead to the recruitment of employees who are not in accordance with the competencies needed and will affect the LPD's performance.

In the control activity component only have two of the five components can be fulfilled. Three components that are not fulfilled such as about the good document design and numbered printed, separation of duties and components for safeguarding assets, records and data. So far LPD Desa Adat Jadi using documents with a serial number is not printed and does not archive the wrong or canceled documents. This can pose a risk of fraudulent transactions that may be carried out by employees. The second element that has not been fulfilled is regarding the separation of accounting tasks. According to Romney dan Steinbart (2017) the separation of accounting duties consisted of functions of authorization, recording and storage. But the implementation there is no separation of duties between the functions of authorization, recording and storage that occur in the accounting section. The same applies to collector officers who carry out the functions of recording and receiving. Separation of duties is done to reduce the opportunity for someone to carry out fraud (Bodnar dan Hopwood, 2006). Separation of system tasks has also not been implemented properly. It can be seen from the access to the system by all employees using the same user. Safe guarding assets, records and data that has been implemented has not been able to protect assets and data to the maximum. This can be seen from the use antivirus software with free mode and money storage box keys that can be accessed by all employees.

The next component is information and communication. Application all of these components are in accordance with the theory used as a comparison. Input of all transactions to the system is carried out in accordance with the day of the transaction and input into the appropriate user menu. Transactions that have been inputted are processed automatically so that the possibility of calculation errors can be reduced to a minimum. Financial reports are generated automatically from the system so as to minimize the possibility of human error occurrences.

The last component of internal control is monitoring. There is only one element that is not yet in accordance with the theory there is internal auditing elements. LPD Desa Adat Jadi has only one user can log in to the system and can be used by all employees. The same user usage causes no traceability of the errors made by the employee, this is because all employees log in with use the same user.

4. Conclusions

LPD Desa Adat Jadi has an accounting information system for cash receipts and cash disbursements consisting of six routine transactions namely cash receipts and cash disbursements from voluntary savings, time deposits and monthly loans. Each cash receipt and cash outlay activity has its own procedure. All procedures have almost the same function except the procedure for disbursing cash for credit disbursement which is accompanied by an authorization function. The total documents used are eleven documents and records that are used computerized using a system called ussi and manual records in the form of a daily cash book.

Internal control over the accounting information system for cash receipts and cash disbursements in LPD Desa Adat Jadi is therefore not fully in accordance with the theory described by COSO. The four components of internal control are not appropriate there are the internal environment, risk assessment and risk response, control activities and monitoring. The internal environment component is not appropriate because there are no written regulations regarding the code of ethics, sanctions for violations committed by employees as well as written regulations regarding the division of duties of responsibility for the rights and obligations of employees. The second component is not fulfilled because LPD Desa Adat Jadi do not provide security for data in the form of hard copy or soft copy, and there is no Standard Operating Procedure regarding recruitment of new employees. Incompatibility the control activity component is caused because the use of documents with sequence numbers is not printed, wrong document filing is not done or canceled, no segregation of duties is carried out, the use of free antivirus programs and money storage box keys that can be accessed by all employees. The monitoring component is not in theory, which is caused by the use of one user for all employees. So that only the information and communication component is in accordance with the theory.

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Analysis of Receivables Management to Minimize Bad Debts at Go Vacation Indonesia

N L R Yuliasari*, I K Suandi, and I G A O Sudiadnyani

Accounting Department Politeknik Negeri Bali

Jalan Kampus Bukit Jimbaran, Kuta Selatan, Badung, Bali – 80364

*E-mail to : rikayuliasari8899@gmail.com

Abstract. This study aimed to describe 1) credit analysis in Go Vacation Indonesia 2) assessment of management of receivable accounts in Go Vacation Indonesia 3) management of receivable accounts to minimize bad debts in Go Vacation Indonesia. The data that was used for this study were aging account receivable schedule, credit sales data, credit standards, and receivable accounts policy. The measuring instruments that was used to carry out this research were 5C analysis to analyse the standard credit facility, assess the management of receivables which included billing and collecting of receivables policies to analyse compliance with policies and ratios related to receivable accounts to evaluate management of receivable accounts, management of receivable accounts minimized bad debts to minimize bad debt expenses. The results of the study showed that the 5C analysis for credit facility granting standards had fulfilled the requirements. Billing and collecting receivables were not effective yet because they did not appropriate with the policy. The results of the ratio of receivable accounts were not optimal. Bad debt expenses that could be minimized in 2016 was Rp59,893,531, in 2017 was Rp80,185,316, in 2018 was Rp69,989,977.

1. Introduction

Accounts receivable is the bill to the debtor as a result of the sale of goods or services on credit. It is arising from credit sales which having risks such as delays in cash receipts therefore; it is resulting in a greater investment, in addition it is also causing losses due to bad debts [1]. Bad debts will disrupt the company's operational activities [2]. Therefore, effective management is needed to control the management of accounts receivable, so that bad debts can be reduced. Moreover, the accounts receivable of Go Vacation Indonesia are classified into 2, namely; overseas travel agents and excursions. Doubtful accounts owned by Go Vacation Indonesia are relatively high. Providing credit facilities to overseas travel agents merely considers the prepayment trial period and smooth payment. Whereas, the contract for credit facility provision for excursion only looks at productivity and smooth payment. For these reasons, the management of accounts receivable is very necessary, especially in determining the credit standards given as a starting point in preventing the risk of bad debts. Based on the background description of the problem above, then the researcher was interested in conducting further research on management of accounts receivable in Go Vacation Indonesia.

2. Methodology

This study employs secondary data in the form of aging schedule account receivable, credit sales data, credit standards, and accounts receivable policy. Aging schedule account receivable data and credit sales data are analyzed from the last three years from 2016 to 2018. The procedure of collecting data is conducted through documentation in the form of softcopy and unstructured interviews. The analysis technique hired is descriptive qualitative and quantitative descriptive methods. Qualitative descriptive method is applied to analyze credit analysis using 5C analysis and billing and collection of receivables are analyzed by compliance with established policies. Quantitative descriptive method for analyzing related ratios to account receivable, namely accounts receivable turnover ratio, days of receivable ratio, arrears ratio, and billing ratio and analyzing accounts receivable management minimize bad debts to minimize bad debt expenses.

Formula of the ratios related to the accounts receivable:

1) Account Receivable Turn Over

$$RTO = \frac{\text{Credit Sales}}{\text{Receivable Average}}$$

Calculate receivable average:

$$\text{Receivable Average} = \frac{\text{Receivable Beginning Balance} + \text{Receivable Ending Balance}}{2}$$

2) Days of Receivable

$$\text{Days of Receivable} = \frac{365}{RTO}$$

3) Arrears Ratio

$$\text{Arrears Ratio} = \frac{\text{Receivable arrears at ending period}}{\text{Receivable total at the same period}} \times 100\%$$

4) Billing Ratio

$$\text{Billing Ratio} = \frac{\text{Billing Receivable Total}}{\text{Receivable Total}} \times 100\%$$

3. Result and Discussion

3.1 Credit Analysis

Credit analysis is an analysis used to assess whether a credit is worthy of being launched [3]. There are various tools for credit analysis; one of them is 5C. The analysis stands for character, capacity, capital, condition, and collateral [3]. Go Vacation Indonesia is regarded to meet the 5C factors. However, capital and collateral factors cannot be analyzed in detail by Go Vacation since it is fairly difficult to obtain financial report from the debtors because they often keep it internally. Go Vacation states that the capital factor has been fulfilled because when it is observing from the prepayment period the prospective debtor is able to pay so it is said to have capital. Collateral factors are carried out by analyzing how much the debtor's assets can be used as collateral for the bills owned. However, this factor cannot be analyzed in detail. This factor has been declared fulfilled. This is because before obtaining credit facilities the debtor

has been given a trial period with prepayment facilities. Therefore, Vacation believes in prospective debtors and does not ask for collateral.

3.2 Assessment of Management of Receivables

3.2.1 Billing and Collection of Receivables

Billing and Collecting of Accounts Receivable in Go Vacation Indonesia were not effective. This is due to the matter of distance with the debtors, consequently, the billings solely submitted via email. Moreover, the poor of communication, lack of personal visits or decisive actions by the account receivable division in collecting bills causing an impact on decreasing billing capabilities, and eventually resulting in the decline of billing performance and collection of late accounts receivable billings. Besides that, Go Vacation Indonesia does not meet the criteria of the billing and collection of accounts receivable policy. There is a discrepancy in the warning letter or reminder made with the policy. The policies made by Go Vacation Indonesia are not in the form of written text yet orally from the supervisor to the accounts receivable division. So that there is a mismatch of implementation with the policies applied.

3.2.2 Receivables Ratio

1) Receivable Turnover Ratio

Year	Overseas	Excursion
2016	15,77	60,58
2017	10,79	46,92
2018	11,66	36,50

This ratio measures how many times the funds invested in accounts receivable revolve in one period [3]. This ratio is calculated by comparing credit sales with the average of accounts receivable for one period. The results of the calculation of the ratio then compared with the fixed standards. If these results are higher than the standards, it can be concluded that the management of accounts receivable in the company is considered good and vice versa. The results of the 2016, 2017 and 2018 ratios for sub-overseas was 15,77 times, 10,79 times and 11,66 times. Whereas, for excursions was 60,58 times, 46,92 times and 36,50 times. Sub-overseas produces a below standard ratio, while the sub-excursion has gone beyond the standards.

2) Days Of Receivable Ratio

Year	Overseas	Excursion
2016	23	6
2017	34	8
2018	31	10

The main function of this ratio is to find out the average days needed to collect accounts receivable and turn them into cash [3]. This ratio is calculated by comparing the total days in one year (365 days)

with the receivable turn over for one period. The results of this calculation will be compared with the fixed standards. If the results are lower than the standard, the management of accounts receivable in the company is considered good and vice versa. The ratio results for 2016, 2017 and 2018 for sub-overseas was 23 days, 34 days and 31 days. Whereas for excursions was 6 days, 8 days and 10 days. Sub-overseas produces a ratio below the standard, while the sub-excursion has exceeded the standards.

3) Arrears Ratio

Year	Overseas	Excursion
2016	8,26	1,84
2017	7,73	2,69
2018	8,02	2,34

This ratio is used to determine the number of accounts receivable that have matured and are not yet collected [4]. This ratio compares the amount of outstanding debt or not paid at the end of the period with the total receivables in the same period. The results of the 2016, 2017 and 2018 ratios for sub-overseas was 8,26%, 7,73% and 8,02%. Whereas the excursion was 1,84%, 2,69% and 2,34%. Sub excursion produces a lower ratio than sub-overseas.

4) Billing Ratio

Year	Overseas	Excursion
2016	91,74	98,16
2017	92,27	97,31
2018	91,98	97,66

This ratio is applied to measure billing activities carried out. This ratio is used by comparing the amount of collected accounts receivable with the total of accounts receivable itself [4]. The results of the 2016, 2017 and 2018 ratios for sub-overseas was 91,74%, 92,27% and 91,98%. Whereas the excursion was 98,16%, 97,31% and 97,66%. Sub excursion reveals a higher ratio than sub overseas.

3.3 Management of Receivables Minimizes Bad Debts

Adequate accounts receivable management is one effort to minimize bad debts. It includes providing credit and evaluating the assessment of accounts receivable management through the ratio of accounts receivable. The ratio of accounts receivable is the accounts receivable turnover ratio, days of receivable billing ratio, arrears ratio and billing ratio. When all ratios are in a standard condition, bad debts can be minimized and bad debt expenses from the reserves arranged by the company can be minimized as well.

The number of doubtful accounts receivable in Go Vacation is regarded high, although Go Vacation Indonesia has never made a backup of previous losses. This condition requires Go Vacation to form allowance for bad debts. This is in accordance with the matching principal in which revenues and expenses must be compared in the same period. Bad debt expenses formed based on actual in 2016

amounted to Rp119,351,479, in 2017 amounted to Rp136,409,678, in 2018 amounted to Rp142,511,899. If all the ratio of accounts receivable is in a standard condition, bad debts expenses formed in 2016 amounted to Rp59,457,948, in 2017 amounted to Rp56,224,362, in 2018 amounted to Rp72,521,922. Based on the results of calculations carried out there is a difference between the actual allowance for bad debts and the standard. The resulting difference in 2016 amounted to Rp59,893,531, in 2017 amounted to Rp80,185,316, in 2018 amounted to Rp69,989,977. Thus bad debts can be minimized.

4. Conclusion

The 5C analysis for granting credit facilities to overseas travel agents has met the requirements. Billing and collection of accounts receivable in Go Vacation Indonesia were not effective. The billing and collection of accounts receivable is not in accordance with established policies. Evaluation of management of accounts receivable through ratios related to accounts receivable shows were not optimal. Accounts receivable management can actually minimize bad debts, so that bad debt expenses and allowance for bad debts supposed to be formed to minimize in 2016 amounted to Rp59,893,531, 2017 amounted to Rp80,185,316, in 2018 amounted to Rp69,989,977.

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Accounting Treatment of Accounts Receivable and its Effect on Financial Statements and Account Receivables Collectability at The Royal Santrian Luxury Beach Villas

N P Meliawati*, I M Ariana, and I G M Karma

Accounting Department, Politeknik Negeri Bali

Jl. Kampus Bukit Jimbaran, Kuta Selatan, Badung, Bali - 80364

*E-mail to: meliawati3097gmail.com

Abstract. The Royal Santrian Luxury Beach Villas applies a credit policy in their operations. The credit policy applied by the company must get more attention than cash sales because it will generate receivables. The Financial Accounting Standard states that a company needs to determine the interpretation of accounts with the aim of disclosure of financial statements can have a positive impact on the feasibility of financial statements, both for companies and parties outside the company. The analysis technique used in this study is a comparative descriptive analysis technique with quantitative discussion. The results of the study indicate that overall financial reporting applied by the company has not been in accordance with financial accounting standards and has an effect on the financial statements as well as an assessment of the collectability of accounts receivable. In the financial statement there is an additional account for allowance for bad debt so that will reduce the value of the asset, and a decrease in the value of profit for the period. In the income statement, there is the addition of bad debt expense so that there is an increase in operating costs and a decrease in profit. The assessment of the collectability of accounts receivable from the results of the ratio analysis looks less good. This means that with a non-conformity in the accounting treatment of accounts receivable, it can provide wrong information about the financial statements..

1. Introduction

Intense business competition results in hotels having to find sales strategies to attract guests, one of which is by applying credit sales. Credit sales will result in receivables. The Financial Accounting Standard states that companies need to implement accounts receivable interpretation with the aim that the recording and presentation of financial statements can be done appropriately. Outstanding receivables that occurred at The Royal Santrian Luxury Beach Villas in December 2018, namely: has not been in arrears amounting to Rp601,519,056 over 30 days amounting to Rp353,187,854 over 60 days amounting to Rp266,729,694 over 90 days amounting to Rp561,972,754 and over 120 days amounting to Rp109,627,963 so that the outstanding receivables at The Royal Santrian Luxury Beach Villas in December 2018 amounting to Rp1,893,037,320.

Based on receivables outstanding data in 2018, it can be seen that the amount of outstanding receivables that have the potential to become uncollectible is large and material. On the other side, The Royal Santrian Luxury Beach Villas does not make an allowance for bad debt. This is contrary to the accounting principle, which is matching principal, where income and expenses must be compared in the same period. The amount of receivables listed is the amount of the hotel right, while the amount that is

likely to be uncollectible is charged as an allowance for bad debt accounts and is charged as a bad debt expense [1].

Based on the information obtained regarding the procedure for deletion of accounts receivable, it is known that if there are debtors who experience bankruptcy and still have debt to the company, the company imposes a loss on the debtor's burden on other expenses in the income statement. From this explanation, it can be seen that there are misstatements due to the absence of an allowance for bad debt and bad debt expense has a huge impact on the company's financial statements.

The application of accounting treatment of account receivables that have not fully complied with the Financial Accounting Standards results in the financial statements presented not reflecting the actual conditions and will have an effect on decision making [2]. Fault in the recognition, measurement and presentation of financial statements will not reflect the level of effectiveness and collectibility of the company's accounts receivable. The financial statements will produce misleading information so that it influences decision making for the management as well as those interested in financial statements.

Based on this background, the purpose of this study is 1) to obtain an overview of the suitability of accounting treatment of account receivables at The Royal Santrian Luxury Beach Villas with Financial Accounting Standards; 2) analyze the effect of accounting treatment of account receivables according to financial accounting standards on financial statements at The Royal Santrian Luxury Beach Villas; 3) analyze the effect of accounting treatment of account receivables according to financial accounting standards on the collectability of accounts receivable at The Royal Santrian Luxury Beach Villas.

2. Methodology

The stages of accounting for accounts receivable include: recognition; measurement; presentation and disclosure. Recognition of receivables is often related to revenue recognition because recognition of income is generally recorded when the process of generating profits has been completed and cash is realized or can be realized. PSAK No. 23 (revised 2018) states that revenue from service sale transactions is recognized in the accounting period when the service is provided with reference to the level of completion of the transaction at the balance sheet date. Financial assets measured at fair value through profit or loss when initial recognition of PSAK No. 55 (revised 2018). Fair value as the price to be received or the price to be paid by PSAK No.68 (revised 2018). As well as theory, all accounts receivable are measured in amounts that represent the present value of the estimated cash receipts in the future. PSAK No. 50 states that trade receivables are presented in the statement of financial position based on net realizable value in the group of financial assets by disclosing impairment due to credit losses, and the entity records the impairment in a separate account.

This study uses quantitative data and qualitative data. Quantitative data is 2017 and 2018 financial statements position, 2018 profit / loss report, accounts receivable books in 2018, summary of credit sales for 2018 and data on total receivables in 2018. Qualitative data used in this study include accounts receivable policy data, credit standard data, data policy of accounts receivable collection, recognition policy, measurement, disclosure and presentation of accounts receivable, and procedures for elimination of accounts receivable. The procedure of data collection is done by observation, interviews, and documentation. The analysis technique used in this research is qualitative descriptive and quantitative descriptive methods. Qualitative analysis techniques by comparing the application accounting treatment of accounts receivable at The Royal Santrian Luxury Beach Villas to the regulations in the Financial Accounting Standards relating to accounts receivable and analyzing their effects on financial statements. Quantitative analysis techniques are used to assess the collectability of accounts receivable before and after the application of the Financial Accounting Standards with the accounts receivable turnover ratio, Average Collection Period ratio, the billing ratio, and the arrears ratio.

3. Result and Discussion

3.1 Accounting Treatment of Accounts Receivable According to Financial Accounting Standards

3.1.1 Recognition

The Royal Santrian Luxury Beach Villas recognize account receivables when services have been carried out and recognized based on the exchange rate of the assets sold between the parties making the transaction. The exchange rate is the value that will be paid by the debtor at the time specified and proven by evidence in the form of a document called an invoice, so in principle the recognition of accounts receivable at The Royal Santrian Luxury Beach Villas is in accordance with the Statement of Financial Accounting Standards, namely PSAK No.23 (revised 2018) which states that income from sales of services transactions is recognized in the accounting period when services are provided with reference to the level of completion of transactions at the balance sheet date.

3.1.2 Measurement

The amount of account receivables for the 2018 period reported by the company in the financial statement amounted to Rp1,973,692,675 which is the amount before the allowance for bad debt. Based on this, if it is associated with the Financial Accounting Standards PSAK No. 55 (revised 2018) which states that financial assets are measured based on fair value for those recognized. And PSAK No. 68 (revision 2018) states fair value as the price to be received or the price to be paid. Where receivables are measured in amounts that represent the present value of estimated future cash receipts and accounting requires the reporting of receivables at net realizable value, so that in terms of measuring accounts receivable at The Royal Santrian Luxury Beach Villas not in accordance with Financial Accounting Standards. The method used to determine the estimated loss of receivables due to uncollectible receivables is an allowance method based on a balance sheet approach that is by analyzing the age of accounts receivable. The method of age analysis of accounts receivable is done by grouping each receivable into two groups, namely the group of receivables that have not been in arrears and the group of receivables in arrears. The Royal Santrian Luxury Beach Villas in this case has not set the amount of the percentage of bad debt, so that the percentage used is the percentage loss of receivables based on the company's past experience seen from the outstanding debt [3].

Table 1. Estimated loss of receivables

Days	Amount of receivables	Percentage	Estimated of bad debt
Not in Arrears	601,519,056	0%	-
31-60	353,187,854	5%	17,659,393
61-90	266,729,693	10%	26,672,969
91-120	561,972,754	25%	140,493,188
> 120	109,627,963	30%	32,888,389
Total	1,893,037,319		217,713,939

Based on Table 1, the estimated of bad debt in 2018 is estimated at Rp217,713,939. So that from the estimated loss of receivables that have been obtained can be formed allowance for bad debt. Last year allowance for bad debt were Rp. 00, the amount of allowance for loss of receivables for 2018 was Rp217,713,939. The method used is either the indirect method or the allowance method [4] The journal required on December 31, 2018 is:

Bad Debt Expense	Rp217.713.939
Allowance for Bad Debt	Rp217.713.939

With the adjusting journal, the current assets in the statement of financial position and expenses in the income statement of The Royal Santrian Luxury Beach Villas will experience slight changes, namely the gross receivables previously presented will be reduced by the allowance for bad debt amounting to Rp217,713,939 and there are additional accounts in the income statement, namely bad debt expense Rp.217,713,939.

3.1.3 Presentation and Disclosures

The Royal Santrian Luxury Beach Villas presented and disclosed account receivable in the financial statement as part of current assets in gross amounts before deducting allowance for uncollectible accounts. If related to the Statement of Financial Accounting Standards, namely PSAK No. 50 (revised 2018) states that trade receivables are presented in the financial statements based on the net realizable value in the group of financial assets by disclosing impairment due to credit losses and the entity records the impairment in a separate account. According to the Financial Accounting Standards the presentation and disclosure of accounts receivable at The Royal Santrian Luxury Beach Villas is not in accordance with Financial Accounting Standards. This mismatch will affect to the fairness of the financial statements.

3.2 Analysis of the Effect of Accounting Treatment for Accounts Receivable by SAK Against Financial Statements of The Royal Santrian Luxury Beach Villas

3.2.1 Effect on Income Statement

As can be seen from the results of the analysis, if no allowance is made for the amount of uncollectible account receivables, the operating expenses and net income presented under stated in the profit and loss statement are Rp.217,713,939. After the allowance for bad debt is made, the amount charged to bad debt expense is Rp217,713,939. This amount was added to operating expenses so that the total operating expenses that should be reported were Rp. 17,126,901,747. With the increase in operating expenses of the company it will directly affect to the earning before tax in 2018. Earning before tax in 2018 in the company amounted to Rp6,942,018,194 and after adjustments the profit before tax in 2018 dropped to Rp6,724,304,254.

3.2.2 Effect on Financial Statements

From the results of the analysis, it can be seen that the amount of allowance for bad debt which should be presented in the financial statement is Rp217,713,939 while the company has not presented allowance for bad debt so that the accounts receivable stated in the statement of financial position amounted to Rp1,973,692,675. This means that the total of accounts receivable presented in the financial statement is rated higher (over stated). The over stated amount resulted in a higher total of all current assets in the financial statement amounting to Rp217,713,939 to Rp15,543,831,793 and in the end the total of assets in the financial statement also over stated at Rp50,890,764,031 where the total which should be presented according to Financial Accounting Standards, namely Rp50,673,050,092. In the position of liabilities and equity also over stated because of the high presentation of retained earning which resulted in the total capital reported by the company being over stated to Rp12,940,589,712 so that the total liabilities and equity are presented over stated to Rp50,890,764,031.

3.3 Analysis of Accounts Receivable Collectability Levels The Royal Santrian Luxury Beach Villas

3.3.1 Collection and billing of receivables

Making invoices and sending invoices is done by Account Receivable not on time, which is usually sent in the first week at the beginning of the following month. Account Receivable section collects vouchers from travel agents first until the end of the month, and arrives at the beginning of the first week of the following month after all vouchers have been collected, then all invoices are made and sent to the travel agent. Based on the description of the results of the research on invoicing and follow-up policies it is stated that reminder shipments for all accounts receivable for more than 60 days of language contained in the reminder are made with increasingly urgent words, as well as changing letter signatories and recipients based on reminder types. In fact, the reminder is made from the first reminder to the third reminder, the language used is the same, there are no urgent words, and the signing of the reminder is not in accordance with the follow-up procedure. This results in the debtor when receiving the reminder heedless and tend to let it. Looseness of delivery time makes the reception time long, so the investment in accounts receivable is also embedded long.

3.3.2 Accounts Receivable Ratio at The Royal Santrian Luxury Beach Villas Before and After the Application of the Financial Accounting Standards

1) Receivable Turnover Ratio

Table 2. Calculation of the Receivable Turnover Ratio

Explanation		Before	After
		Implementation SAK	Implementation SAK
Initial accounts receivable	A	2,228,656,044	2,228,656,044
Final receivables	B	1,973,692,675	1,755,978,735
Average Receivables	$C = (A+B)/2$	2,101,174,359	1,992,317,390
Credit sales	D	15,017,715,921	15,017,715,921
ARTO	$E = D/C$	7	8

The Accounts Receivable Turnover ratio is used to find out how many times the funds embedded in the receivables revolve in one period [1]. The accounts receivable turnover ratio in 2018 before applying the Financial Accounting Standards is 7 times. These results indicate that funds embedded in accounts receivable revolve as much as 7 times a year. After the applying the Financial Accounting Standards the accounts receivable turnover ratio increases to 8 times a year. The increase in the ratio after the application of the Financial Accounting Standards is due to the total of final accounts receivable in 2018 presented in the financial statements showing net receivables where gross receivables are reduced by the allowance for bad debt resulting in a decrease in the receivables followed by a decrease in average accounts receivable and an increase in the ratio receivable turnover.

2) Ratio of Average Collection Period

Table 3. Calculation of the Receivable Turnover Ratio

Explanation		Before	After
		Implementation SAK	Implementation SAK
Days	A	365	365
ARTO	B	7	8
ACP	$C = A/B$	51	48

This ratio serves to find out the average days needed to collect accounts receivable and convert them to cash [1]. The results of the calculation of the average collection period show that before applying the Financial Accounting Standards the receivables in 2018 were billed on average within 51 days, after the application of the Financial Accounting Standards showed the average collection of accounts receivable decreased to 48 days. When viewed from the payment terms, the accounts receivable from the travel agent within 30 days have been collected, then by applying the Financial Accounting Standards on the accounts receivable the ratio results will reflect more effective collection of accounts receivable because the ratio analysis results are closer to the collection limit set by the company namely 48 days.

3) Arrears Ratio

Table 4. Calculation of the Receivable Turnover Ratio

Explanation		Before Implementation SAK	After Implementation SAK
Debt Receivables End of Period	A	1,973,692,675	1,755,978,735
Total Receivable	B	17,246,371,966	17,246,371,966
Arrears Ratio	$(A/B)*100\%$	11.44%	10.18%

The arrears ratio is used to find out how much the receivables are due and not yet collected from the number of credit sales [5]. The arrears ratio in 2018 is 11.44%. This means that the amount of receivables that are due from a number of uncollectible credit sales is 11.44%. The outstanding debt is quite high and is detrimental to the company, because the funds that are supposed to turn back into cash remain embedded in the accounts receivable. The arrears ratio smaller when a company has applied Financial Accounting Standard compared to before applying the Financial Accounting Standards to 10.18%. Decrease in arrears ratio after applying the Financial Accounting Standards due to the decrease in the total of receivables at the end of the period after deducting the allowance for bad debt, so that the outstanding debts are smaller. The decline in the arrears ratio must be maintained, because smaller arrears ratio means the better for the company in manage their receivables.

4) Billing Ratio

Table 5. Calculation of the Receivable Turnover Ratio

Explanation		Before Implementation SAK	After Implementation SAK
total collection of receivables	A	15,272,679,291	15,490,393,230
Total Receivable	B	17,246,371,966	17,246,371,966
Billing Ratio	$(A/B)*100\%$	88.6%	89.8%

The billing ratio is used to determine the extent to which billing activities are carried out or how much receivables are collected from the total receivables held by the company [5]. The billing ratio before the applying the Financial Accounting Standard was 88.6%, which means that collectible receivables from the total receivables owned by the hotel amounted to 88.6%. Collectible receivables amounted to Rp.15,272,679,291 of the total receivables of Rp17,246,371,966.00. When compared with the results of the calculation of the ratio after the application of the Financial Accounting Standards rose to 89.8%. The increase in the ratio before and after applying the Financial Accounting Standards was due to the increase in the amount of receivables after applying the Financial Accounting Standards to Rp. 15,490,393,230. Increasing the ratio after the application of the Financial Accounting Standards is a good condition for the hotel.

4. Conclusion

Overall, the accounting treatment of account receivables applied by the company is not fully in accordance with financial accounting standards and affects to the financial statements and the assessment of the collectability of accounts receivable. In the financial statement, there is an additional in allowance for bad debt account that will reduce the value of assets, and decrease the value of profit

for the current period. In the income statement there is the addition of bad debt expense so there is an increase in operating costs and a decrease in profit. The assessment of receivables collectability seen from the ratio analysis results looks poor. This means that with the mismatch of accounts receivable treatment, it can provide wrong information to the financial statements.

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Analysis of the Effectiveness of Accounts Receivable Management on the Risk of Uncollectible Accounts at Four Seasons Resort Bali at Jimbaran Bay

P Widyantari*, I K Sugiarta, P D Hudiananingsih

Accounting Department Politeknik Negeri Bali

Jalan Kampus Bukit Jimbaran, Kuta Selatan, Badung, Bali - 80364

*E-mail: putuwidyantrai97@gmail.com

Abstract: Credit sales policy is one of the strategies implemented by the Four Seasons Resort Bali at Jimbaran Bay management to win the competition. Credit sales have the risk of delays in cash receipts that have the potential to become uncollectible receivables. This study aims to determine and analyze the performance and effectiveness of accounts receivable. This study uses data in the form of receivable aging schedule, data on the number of credit sales, and application form. The analysis used to analyze the lending requirements is the 5C analysis, analyze the management of receivables is the accounts receivable turnover ratio, the average day billing ratio, the arrears ratio, and the billing ratio. The results of this study indicate that the analysis of the performance of receivables reflects the management of receivables that have not been effective because hotel management only takes into account 2 of the 3 principles of 5C. This can be known through the analysis of accounts receivable turnover ratios and the average days of collection of accounts receivable which show below standard results and this has an impact on the results of the arrears ratio and billing ratio.

Keywords: *effectiveness, management of accounts receivable, risk of uncollectible accounts*

1. Introduction

The rapid development of tourism in Bali makes every hotel must have a strategy in order to win the competition. One strategy used is to postpone payments or can be said to be credit sales. Receivables represent hotel rights or bills to debtors (third parties) for service products that have been enjoyed by the debtor concerned [1]. Hotel receivables generally consist of hotel guest accounts, city ledgers, credit cards and other receivables.

Credit sales can increase sales turnover, but have the risk of delays in cash receipts. Delay in cash receipts can result in receivables. Any delay in collecting receivables will have an impact on operational activities. Account receivables management is needed to overcome these impact. Accounts receivable management is the management of accounts receivable so that credit policies reach optimal, namely achieving a balance between costs due to credit policies and the benefits derived from these policies [2]. Based on this understanding, effective management of receivables is needed to manage receivables in order to avoid losses due to uncollectible receivables and will be able to increase profits for hotel management.

Four Seasons Resort Bali at Jimbaran Bay is one of the hotels that has a credit sales policy. High credit sales lead to the risk of uncollectible accounts. The following is the amount of uncollectible accounts for the past 3 years in Table 1.

Table 1. Amount of uncollectible receivables
at Four Seasons Resort Bali at Jimbaran Bay in 2016-2018

Year	Amount of Receivables	Uncollectible Receivables
2016	Rp 14.859.353.628	Rp 2.612.423.380
2017	Rp 10.795.665.015	Rp 1.661.570.617
2018	Rp 13.082.733.855	Rp 2.264.724.286

Based on Table 1. it can be seen that the amount of uncollectible receivables in 2016 to 2018 has fluctuated. An increase in uncollectible receivables in 2018 affects hotel operations so that they cannot operate optimally and requires the hotel to have good receivables management to avoid the increasing losses due to uncollectible receivables. Based on this background, it is deemed necessary to conduct research on the management performance and effectiveness of the management of receivables at Four Seasons Resort Bali at Jimbaran Bay.

2. Literature Review

2.1 Effectiveness

Effectiveness is the ability to choose the right goals or the right equipment for achieving the goals set [3]. Effectiveness describes the entire input-process-output cycle. As for the effectiveness of organizational performance in carrying out work in essence the workers need a sense of security, which has to do with future guarantees, an organizational atmosphere that provides opportunities for growth, without any threats, the relationship between superiors and human subordinates. Therefore, it can be concluded that the effectiveness of organizational performance is a neat arrangement of several people who describe the entire input-process-output cycle to achieve the expected goals.

2.2 Accounts Receivable

The company sells goods or services on credit with the aim of increasing its sales volume. Hotel receivables usually consist of guest accounts (guest ledgers), hotel guests, city ledgers, which are bills to guests who have checked out and or to third parties who have enjoyed hotel services and products, and other receivables such as bills for room rental hotels like shopping arcades [1]. Receivables can be classified into two ways, namely for the purpose of financial statements and classified in the balance sheet [4].

2.3 Receivable Management

Accounts receivable management is the management of accounts receivable so that the credit policy reaches an optimal level, namely achieving a balance between costs due to credit and the benefits derived from the policy [2]. Accounts receivable management policies include credit standards, credit terms, credit policies and collection of evaluation receivables from customers, as well as collecting and analyzing information [5]. Credit analysis is an analysis used to assess whether a credit is appropriate or not. The goal is not to let the credit being financed be inadequate. Credit analysis can be done using 5C, namely character, capacity, capital, condition, and collateral [6]. In the management of receivables there are factors that influence the size of the receivables. The size of the company's receivables can be influenced by the volume of credit sales, terms of payment of credit sales, provisions on credit restrictions, policies on collecting receivables, payment habits of customers [7]. The technique of collecting receivables that is usually done by the company when the customer or buyer has not paid until the specified time is by mail, telephone, and personal visit [8]. Credit sales will affect the company's overall financial performance. Therefore, management needs to evaluate performance from the account receivable side [6]. Measuring instruments that can be used in measuring performance are using financial ratios related to the following:

1) Receivable Turn Over

$$\text{Receivable Turn Over} = \frac{\text{Credit Sales}}{\text{Receivable Average}}$$

2) Days of Receivable

$$\text{Days of Receivable} = \frac{\text{number of days in a year}}{\text{receivable turn over}}$$

3) Arrears Ratio

$$\text{Arrears Ratio} = \frac{\text{Receivable arrears at ending period}}{\text{Receivable total at the same period}} \times 100\%$$

4) Billing Ratio

$$\text{Billing Ratio} = \frac{\text{Billing Receivable Total}}{\text{Receivable Total}} \times 100\%$$

2.4 Uncollectible Receivables

Uncollectible receivables are income losses that require, through proper entry in the account, a decrease in assets of trade receivables and a decrease related to earnings and shareholders' equity. There are two collectible methods of collection, namely by using the direct write-off method and the allowance method [4].

2.5 Risk Management for uncollectible accounts

Risk management is a field of science that discusses how an organization applies measures in mapping various existing problems by applying various management approaches [9]. To minimize the risk of uncollectible accounts, you can use a strategy that is by doing rescheduling, reconditioning, and restructuring.

3. Methodology

This research uses primary data and secondary data. Primary data sources were obtained from respondents through interviews with informants, namely the credit manager at Four Seasons Resort Bali at Jimbaran Bay. Whereas secondary data is sourced from accounts receivable aging schedules, data on the number of credit sales, and application forms. Data collection procedure is done by conducting interviews and documentation. The analysis technique used is descriptive analysis technique. The analytical tool used is the 5C analysis of character, capacity, capital, condition, and collateral. As for the assessment of the performance of receivables using the analysis of accounts receivable turnover ratios, the average day-to-day collection of accounts receivable, arrears, and billing ratios.

4. Result and Discussion

4.1 Account Management for Four Seasons Resort Bali at Jimbaran Bay

4.1.1 Credit Provision Standards

Based on the results of research on the 5C analysis, it can be seen that the management of Four Seasons Resort Bali at Jimbaran Bay in providing credit to prospective debtors has not implemented the maximum 5C. This can be seen through the 5C analysis described earlier. Credit granting standards only meet 2 of 5 5C principles, namely character and capacity. For the principle of capital, condition, and collateral tends to be ignored. That is because the management of Four Seasons Resort Bali at Jimbaran Bay is more focused on the smooth payment of debts from prospective debtors, the fulfillment of production history and the trust between the two parties.

4.1.2 Credit Standard Payment Time

Hotel management at Four Seasons Resort Bali at Jimbaran Bay stipulates that debtors must pay their credit 30 days after the guest checks out. But in its realization, there are still debtors who are slacking off when paying their bills. This is caused by the lack of strict sanctions and the absence of discount payments (discount) so that the debtor continues to try to extend the time of payment of debt.

4.1.3 Collection Receivables Standard

Collection and collection of receivables at the Four Seasons Resort Bali at Jimbaran Bay has not been done well. One of the reasons for delay in sending invoices is that one of them is caused by a voucher from the debtor that does not exist with the guest folio, so that the staff from account receivable team must wait for the voucher to be sent by the debtor, which causes the invoice to be delayed. In addition, late delivery of invoices that are ready to be sent to the address of each debtor is caused by the delivery service that does not collect invoices regularly (every day) so that the time needed for the invoice to arrive at the debtor is longer. This is one of the reasons debtors postpone their credit payments and cause investments in receivables to be embedded longer. Another factor is that the hotel management does not come directly to the debtor company and does not use the services of a debt collector to collect receivables that are difficult to collect.

4.1.4 Measurement of Receivables Ratio

1) Receivable Turnover Ratio

Table 2. Receivable Turnover Ratio
at Four Seasons Resort Bali at Jimbaran Bay in 2016-2018

Year	Credit Card	Company Agent	Travel Agent	
			Local Agent	Overseas Agent
2016	42,01	8,25	9,34	8,75
2017	45,21	6,92	7,68	7,78
2018	47,57	7,86	8,15	8,94

Based on the calculation of the accounts receivable turnover ratio at Four Seasons Resort Bali At Jimbaran Bay it can be seen that the performance of accounts receivable turnover from 2016, 2017 and 2018 has fluctuated. The results of accounts receivable turnover for sub credit cards in 2016 were 42.01 times, 45.21 times and 47.57 times. The results of accounts receivable turnover for sub-companies in 2016, 2017 and 2018 were 9.34 times, 7.68 times and 8.15 times. The results of the calculation of accounts receivable turnover for the travel agent sub accounts at the local agent in 2016, 2017, and 2018 were 9.34 times, 7.68 times, and 8.15 times. The results of the calculation of the ratio of accounts receivable turnover for travel agents in the overseas agent in 2016, 2017 and 2018 were 8.75 times, 7.78 times, and 8.94 times. Overall the results of the calculation of the ratio of accounts receivable turnover for credit cards classified as smooth, while the travel agent on the local agent and overseas agent cannot exceed the standards set by the hotel management, which is 12 times a year

2) Days of receivable

Table 3. Days of Receivable
at Four Seasons Resort Bali at Jimbaran Bay in 2016-2018

Year	Days of Receivable			
	Credit Card	Company	Travel Agent	
			Local Agent	Overseas Agent
2016	9	44	39	42
2017	8	53	48	47
2018	8	46	45	41

Based on the calculation of days of receivables, it can be seen that the calculation of the days of receivables for sub credit cards in 2016 shows that the average receivables are collected once every 9

days, while in 2017 and 2018 the average collected during 8 times once. The results of the days of receivables for the company part of 2016, 2017 and 2018 are 44 days, 53 days, and 46 days. The results of calculating the days of receivables for travel agent sub-accounts at the local agent section in 2016, 2017, 2018 amounted to 39 days, 48 days, and 45 days. Calculation of the days of receivables for travel agents for the overseas agents in 2016, 2017 and 2018 is collected on average for 42 days. 47 days and 41 days. Based on the calculation of days of receivables for credit cards can exceed the standard, while for companies and travel agents cannot exceed the standards set by management, which is for 30 days in accordance with the credit terms.

3) Arrears Ratio

Table 4. Arrears Ratio
at Four Seasons Resort Bali at Jimbaran Bay in 2016-2018

Year	Arrears Ratio		
	Company	Travel Agent	
		Local Agent	Overseas Agent
2016	9,08%	7,87%	6,19%
2017	3,47%	4,37%	13,92%
2018	7,62%	7,88%	3,02%

Based on the calculation of the arrears ratio, it can be seen that the arrears ratio calculation results for the company in 2016, 2017 and 2018 show the results of the ratio of 9.08%, 3.47% and in 2018 to 7.62%. The results of the calculation of the ratio of arrears days for travel agent sub-accounts in the local agent section in 2016, 2017 and 2018 amounted to 7.87%, 4.37%. And became 7.88% .. Calculation of arrears ratio for travel agents in the overseas agent in 2016, 2017 and 2018 amounted to 6.19%, 13.92% and to 3.02%. A decrease in the arrears ratio indicates that the amount of receivables that are past due and uncollectible is reduced compared to the previous year.

4) Billing Ratio

Table 5. Billing Ratio
at Four Seasons Resort Bali at Jimbaran Bay in 2016-2018

Year	Billing Ratio			
	Credit Card	Company	Travel Agent	
			Local Agent	Overseas Agent
2016	97,76%	81,84%	86,88%	89,68%
2017	98,00%	94,26%	92,72%	86,08%
2018	97,75%	83,07%	84,24%	94,51%

Based on the calculation of the billing ratio, it can be seen that the calculation of the billing ratio for sub credit cards in 2016, 2017 and 2018 shows results of 97.76%, 98.00%, and becoming 97.75%. The results of the calculation of the billing ratio for sub-companies in 2016-2017, and 2018 showed the results of the ratio of 81.84%, 92.72% and to 84.24%. The results of the calculation of the billing ratio for the travel agent sub accounts receivable on the part of local agents in 2016 2017, and 2018 86.88%, 92.72% and become 84.24%. The calculation of the billing ratio for travel agents for the overseas agent section in 2016 2017 and 2018 was 89.68%, 86.08%, and became 94.51%. An increase in the results of the billing ratio indicates that the number of receivables the amount of receivables that were collected

increased. An increase in the results of the billing ratio indicates that the number of receivables the amount of receivables that were collected increased.

5. Conclusion

Based on the result and discussion, it can be concluded that the results of the analysis of the performance of receivables at Four Seasons Resort Bali at Jimbaran bay from 2016 to 2018 reflect the management of receivables that have not been effective. This can be seen from the loosening of credit policies implemented by hotel management who pay less attention to the 5Cs in assessing prospective borrowers. Management only assesses the character and capacity to receive credit facility submissions from prospective borrowers. Then from the ratio analysis that has been explained earlier, it can be seen that the results of the accounts receivable turnover ratio, the average day-to-date collection of accounts receivable, the arrears ratio and the billing ratio for the credit card section have the best ratio calculation results, while in the company and travel agent sections still are below the standards set by hotel management. This shows that less than maximum collection and collection of receivables and have an impact on the high working capital embedded in the form of receivables. In addition, an increase in the number of receivables that are not followed by good billing has resulted in the hotel management having difficulty in converting their receivables into cash so that the company's operational activities can be disrupted and hampered.

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Analysis of Audit Planning on Financial Report Based on Time Pressure Perspective at Public Accountant of Budhananda Munidewi (Case Study at KM Institution)

IGA Kameswari, N M W D Pratiwi, and K Nurhayanti

Accounting Department, Politeknik Negeri Bali

Jl. Kampus, Bukti Jimbaran, Badung, Bali, Indonesia

*E-mail to : gekigakameswari@gmail.com

Abstract: This research aims to analyze the conformity of financial statement audit planning based on a time pressure perspective. This research using financial statement audit planning design of Budhananda Munidewi Public Accountant Office in this case is quality control system. Data collection methods used were questionnaires, observations, interviews, and documentation techniques. The analysis technique in this research is qualitative descriptive analysis. The results of this research show that (1) the results of comparing working hours of normal time with working hours which are under time pressure say that there is a reduction in working hours taken by the auditor in completing the audit assignments which were 184 working hours to 128 working hours. (2) the comparison of the design of financial report audit planning based on the perspective of time pressure is said that there is an audit plan that is not implemented such as an audit engagement letter is not made, an audit proposal is not made so that the audit strategy is not used, and the determination of audit risk and initial materiality is not done.

Keywords : *financial report audit, audit planning based on time pressure perspective, quality control system*

1. Introduction

The audit provides many benefits for the company. Audit is a systematic process carried out by people who are competent and independent by collecting evaluations of evidence and aiming to provide opinions regarding the fairness of a financial report. Before carrying out the audit process, of course the process must be planned in advance. Audit planning is a detailed stage that involves the auditor's procedures and plans that will be used in the audit so that there is no indication of an accounting case. There are three main reasons why auditors should plan assignments well which is to help the auditor obtain sufficient and appropriate evidence in accordance with the situation at hand, help the auditor to be able to carry out audits at a reasonable cost, and avoid the possibility of misunderstanding with the client^[4].

Public accountants have the duty to provide opinions about the fairness of financial statements presented by management, so that the information contained in financial statements can be trusted. In completing the audit assignment, an auditor often experiences difficulties due to environmental conditions in auditing that are not conducive, namely there is time pressure. Time pressure can occur due to sudden assignments, relatively many assignments with less fees, competitive KAP, and limited personnel. The time pressure experienced by an auditor can provide two different effects on auditor performance, namely positive and negative impacts. Positive impact of time pressure in the auditing

process, where the auditor is encouraged to make efficient use of time in the auditing process so as to lead to better auditor performance while the negative impact caused by time pressure due to limited time given by clients tends to encourage auditors to behave dysfunctionally such as stopping audit procedures, delay or not on time, change the audit process and gather insufficient evidence. Based on the description of the background of the problem, further research will be carried out regarding "Analysis of Financial Report Audit Planning Based on Time Pressure Perspective at Budhananda Munidewi Public Accountant Office (Case Study at KM Institution)".

2. Methodology

The type of data used in this study is qualitative data, namely financial statement audit planning prepared in the form of a quality control system by the Public Accounting Firm Budhananda Munidewi. The analytical technique used in this research is descriptive qualitative technique that is where data is collected, then understood and analyzed so that it can provide a clear picture of how the KAP Budhananda Munidewi audit plan if there is a time pressure given by the client in completing the audit report.

3. Result and Discussion

3.1 Measurement of audit time pressure in completing the audit report at Budhananda Munidewi public accounting firm

Measurement of audit time pressure can be known through working hours received by the auditor in completing the audit report. The purpose of this measurement is to find out the comparison between normal working hours and working hours which are under time pressure in completing the audit report. If the working hours taken by the auditor in completing the audit report are reduced, it can be known if an auditor in completing the audit assignment is under time pressure.

Table 1. Working hours of normal time buddhananda munidewi public accounting firm office

Plan for Audit Engagement Schedule		Planned Use of Service Hours	
Start	01 November 2018	Pre-Engagement and Risk Assessment Stages	23 working hours
End	30 November 2018	Stages of Risk Response	145 working hours
number of days	29	Reporting Stages	16 working hours
Amount of Holidays (Saturday-Sunday)	4	Total	184 working hours
Number of Other Holidays	2		
Effective Days	23		
Amount of Hourly Effective Working Hours	184		

Source: KAP Budhananda Munidewi

Table 2. Working hours are under time pressure at the Budhanda Munidewi public accounting firm

Plan for Audit Engagement Schedule		Planned Use of Service Hours	
Start	04 February 2019	Pre-Engagement and Risk Assessment Stages	16 working hours
End	27 February 2019	Stages of Risk Response	101 working hours
number of days	23	Reporting Stages	11 working hours
Amount of Holidays (Saturday-Sunday)	6	Total	128 working hours
Number of Other Holidays	1		
Effective Days	16		
Amount of Hourly Effective Working Hours	128		

Source: KAP Budhananda Munidewi

Based on the results comparing the working hours of normal time with working hours which are under time pressure, namely that there is a reduction in working hours taken by auditors who initially 184 working hours to 128 working hours. the reduction in working hours of course will cause stress due to the imbalance of tasks and time available and will affect the ethics of the auditor and will reduce the quality of the audiences produced.

3.2 Analysis of the accuracy of the normal time financial statement audit planning with financial statement audit planning time pressure in completing audit reports that have time pressure by the client

Comparison of normal time financial statement audit planning with financial statement audit planning time pressure is carried out on one client company that has complete data to analyze. The purpose of this comparison is to assess how audit planning is prepared in the audit assignment. If there is an audit plan that is not implemented, the audit plan that is not implemented can be found answers to how the audit quality of the audit report is under time pressure.

Table 3. Comparison of the design of financial statement audit planning normal time with financial report audit planning time pressure

No	Financial Report Audit Planning BudhandaMunidewi Public Accountant Normal Time	Financial Report Audit Planning Pressure Time Public Accounting Firm BudhanandaMunidewi		Evidence
		Yes	No	
	agreement of engagement			
1	Receipt of a letter requesting audit service offers from prospective clients	✓		Obtained through interviews with KAP Budhananda Munidewi
2	Make and send answers to the request or offer letter.	✓		Obtained through interviews with KAP Budhananda Munidewi
3	Conduct a preliminary survey	✓		Obtained through interviews with KAP Budhananda Munidewi

4	Create and submit proposals		X	The KAP does not make an audit proposal that contains an audit approach, audit planning until the procedures used are aimed at YKM
5	Audit fee negotiations	✓		Obtained through interviews with KAP Budhananda Munidewi
6	Make and send SPK		X	The work agreement has been made in the attachment, but KAP Budhananda Munidewi did not make an audit engagement letter aimed at YKM regarding the purpose and scope, auditor's responsibility until approval
7	SPK discussion		X	Discussion of the work agreement was made, but related to the audit engagement letter was not carried out
8	Sign SPK		X	The audit engagement letter to YKM was not made and was not signed
	Procedure for Maintaining Independence			
1	Identify the relationship between personnel and clients	✓		Obtained through interviews with KAP Budhananda Munidewi
2	Make a statement of independence	✓		Found in the attachment
	Audit Planning Procedure			
1	Study the assignment requirements contained in the SPK	✓		Obtained through interviews with KAP Budhananda Munidewi
2	Study the internal control system	✓		Obtained through interviews with KAP Budhananda Munidewi
3	Establish audit risk		X	Audit planning determines the risk assessed is inherent and significant risk, but in the implementation of its operations audit risk determination is not carried out with the reason that the audit assignment wants to be done immediately so that it is quickly resolved.

4	Establish materiality level		X	Audit planning sets the form for calculating materiality in the SPM, but the KAP does not carry out its operations on the grounds that the client requests a quick audit assignment so that it ignores materiality points at the beginning
5	Arrange time and cost budgets	✓		Obtained through interviews with KAP Budhananda Munidewi and the time budget was seen in the audit program
6	Develop strategies		X	KAP Budhananda Munidewi did not make an audit proposal, then substantive procedures and analytical procedures were not designed in writing, the strategy of approaching the level of low estimated risk control in accordance with the plan was not carried out in its operations.
7	Develop an audit program	✓		Found in the attachment

Source: KAP Budhananda Munidewi Information:

- ✓ : The stages of financial statement audit planning are applied to planning financial statements audit time pressure
- × : The stages of financial statement audit planning are not applied to financial statement audit planning time pressure

Based on the results of the analysis of financial statements audit planning normal time with financial statement audit planning, the time pressure on the description of the research results can be seen there are planning audits that are not implemented such as

a. Making and sending proposals

The KAP did not make an audit proposal that contained an audit approach, audit planning to the procedures used. In this case the auditor should make a proposal for the audit engagement so that the auditor can notify the client of the audit approach and procedures used in completing the audit report, because the absence of the audit engagement letter and the audit proposal causes the strategy to be unknown.

b. Making and sending SPK

A letter of employment agreement has been made, but the KAP did not make an audit engagement letter addressed to the KM Foundation regarding the objectives and scope, the auditor's responsibilities to approval. In this case both the client and the auditor have an interest in sending the engagement letter, preferably before the start of an engagement, to avoid misunderstanding regarding the engagement. The engagement letter can also document and confirm the auditor's acceptance of the appointment of the engagement, the purpose and scope of the audit, and the extent of the auditor's responsibilities to the client and the form of the report.

c. SPK discussion and sign SPK

A discussion of the work agreement was carried out, but related to the audit engagement letter was not carried out, and therefore the audit engagement letter to the KM Foundation was not signed. The auditor and the client have an interest in the audit engagement letter, because in this letter various important agreements regarding the audit engagement are documented, so as to prevent any misunderstanding that might arise between the auditor and his client.

d. Establish audit risk

If the auditor does not determine the audit risk it will have an effect on the results of the audit report because the overall audit risk at the audit planning stage, the auditor must first determine the overall planned audit risk, which is the amount of risk that the auditor can bear in stating that the financial statements are presented naturally, when in fact the report contained material misstatement.

e. Establish materiality level

The concept of materiality contains an element of high subjectivity. Materiality considerations are often misused by management and are widely used as an excuse to justify omission of misstatements, since the beginning, even for deliberate mistakes. This issue is important for the auditor in correcting the client's financial statements. Ideally, an auditor in correcting financial statements should not sacrifice accuracy and reliability for reasons of relevance. The auditors are expected to be able to use materiality considerations professionally without reducing the reliability and timeliness of the report.

f. Develop strategies

The KAP did not make an audit proposal, so the substantive and analytical procedures were not designed in writing, the approach to the risk assessment approach to low risk control in accordance with the plan was not carried out in its operations. In this case the auditor should carry out the overall audit strategy so that the auditor can obtain sufficient competent evidence, can help reduce audit costs in order to compete with others and avoid misunderstandings with clients.

These results indicate that audit planning that is not implemented by the Public Accounting Firm Budhananda Munidewi can cause an impact in the process of completing the audit report and will have an effect on the results of the audit report made because if the auditor does not make audit agreements and audit proposals it can cause misunderstandings which may arise between the auditor and the client and the auditor cannot provide assurance about the accuracy of the information presented by the client, in the financial statements require the auditor to consider both materiality and audit risk.

4. Conclusions

Based on the results of research and discussion conducted at KAP Budhananda Munidewi, it can be concluded the results of a comparison between the design of financial statements audit plan normal time with planning audit time pressure there are audit plans that are not implemented, such as audit engagement letters are not made, audit proposals are not made, so It is unknown that the audit strategy used, and the determination of audit risk and initial materiality level are not carried out.

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POLITEKNIK NEGERI BALI



9 772655 259003

JASAFINT

P3M - Politeknik Negeri Bali

Kampus Bukit Jimbaran, PO Box 1064 Tuban, Badung, Bali

Phone: +62361 701981, Mobile/WA: +6281338158240

Email: jasafint@pnb.ac.id

<http://ojs.pnb.ac.id/index.php/JASAFINT>