

ANALYSIS OF DC HWI BLITAR INCOME STATEMENTS

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ABSTRACT

Financial statements can provide important information regarding financial position, financial performance, and capital changes. The purpose of this study is to analyze the preparation of income statements in DC HWI Blitar. This research uses descriptive qualitative research with primary and secondary data sources. The results of the analysis and tracking of DC HWI Blitar regarding the preparation of the income statement obtained the conclusion that in preparation of the income statement on the DC HWI Blitar there are still some incompatibilities. It can be seen from the existence of errors and discrepancies in the presentation of accounts on the income statement presented by DC HWI Blitar for the period ending December 31, 2018, resulted in an understated valuation (reported too low). It reflects the assessment of DC HWI Blitar's income statement for the period ending December 31, 2018 which has not been presented yet to show a fair valuation.

Key Words: *Income Statement, Financial Statement, HWI's Product, Balance Sheet*

1. INTRODUCTION

The development of the business industry today requires business actors to be more active in innovating or developing their business. The novelty of the business undertaken is one way for businesses to compete in this competitive era. The emergence of new competitors in the business world is not a new thing for business people. Technological progress must also be followed by business actors to survive in the tough competition. The ease of doing online trading is also an opportunity for new competitors to easily enter and reach consumers. Because online trading is one form of interactive marketing that has become a shopping trend now (Nasution, 2018).

Companies must have a specific strategy in competing in the business world. According to Pitoy (2016), "Companies which able to survive in competition are companies that can adapt to changes occur in the business world". The good image of the company also affects the sustainability of the company in the business world. Improving system in the company such as improving performance by making good financial reports, can improve the sustainability of the company in the business world. The existence of financial analysis must also be done by the company. This is related to the company's need for a financial condition and can be done to resolve problems precisely and quickly. Analysis of financial statements is not only useful for companies, but also for other parties who have the same interests as the company.

Financial statements are used in assessing the health of the company. IAI (2009: 2) states the financial statements have the aim to inform how the financial position, financial work ability, and cash flow statement of the company. This financial report has benefits for many users in determining their decisions in the economy. Information generated by a company's financial statements will contain information about the company's finances that

reflect the actual condition of the company, so the financial statements must be read and used by those who need them.

Information obtained from the income statement and balance sheet, has benefits in making decisions of creditors and debtors. This serves to help remember or save the estimated amount of time setting and also when certain stream flows in the future (Farida, 2008). The basis for making this report is to assess the performance of the company, in addition, assessing the profit or loss that the company gets. The existence of this income statement can be one input in making decisions based on accurate data. In the decision to sell or buy as done in the market, which is indicated by a relationship between the income statement with the return received by investors (Suwenda, 2014).

There are sources of accurate information in a reasonable financial statement presentation. It because the demands of financial reporting standards that have been set in order to obtain appropriate information. The problem of decreasing profit and loss in a company lasts year to year, based on research conducted by Zumanisa (2012) the company has done many things to determine the income statement problem but is still experiencing problems, the constraints faced are caused by rising work costs and lack of marketing.

In this research, the researcher more focus on the discussion of the income statement because there are so many benefits that can be obtained from the presentation of the income statement as mentioned earlier. The income statement also makes it easy for the owner of the entity to increase his working capital through credit to certain parties such as financial institutions or banks.

HWI is a large company which is currently being intensively in the online business industry. Because of the current development of online businesses generate quite a lot of profit, but online business company does not have a record of profit and loss in writing detail. In compiling the profit and loss statement it is still too simple and has not used the guidelines of the standards set out in the preparation of an appropriate income statement. However, if examined more deeply, HWI business has expanded to the national level. Based on the problem above, the researcher made the title of this research "Analysis of Income Statement (Case Study on DC. HWI Blitar)".

2. RESEARCH METHODOLOGY

This research was conducted from March 1 to June 1, 2019 by taking place in DC HWI Blitar. It is located in Tanjungsari District, Blitar City. The aspect taken is DC HWI Blitar profit and loss.

The sources used in this research are primary and secondary data. The definition of primary data by Sukarmad (2000: 34) is the sources that provide data directly from the first hand and primary data in this practice changes the statements of the respondents, while the secondary data is data that stalks from other sources and is obtained from companies changing company history, organizational structure, and results of previous practices.

Based on the above understanding, the researcher in conducting this practice the type of primary data used is by interviewing employees and company leaders. Secondary data in this study are the income statement and balance sheet.

Researchers conducted the research on the presentation of income statements with the object of research in a business engaged in the sale of health products, namely DC HWI Blitar. This research uses descriptive quantitative method.

1. Collection of DC HWI Blitar financial data related to income and expenses.
2. Then analyze the data by describing how the income statement is presented.
3. Interpreting data and analyzing income statements owned by DC HWI Blitar using horizontal analysis.
4. Conduct an analysis of the results of a structured interview to the relevant section regarding the preparation of DC HWI Blitar income statement
5. Followed by drawing conclusions based on the analysis of the data.

3. DISCUSSION AND RESULT

Based on the results analysis and notes of the income statement owned by DC HWI Blitar, it still found some differences in its composition. The difference is found in the classification of accounts contained in income statement of DC HWI Blitar. In addition to the discovery of misclassification, researchers also found there were some accounts that should have been included in income statement of DC HWI Blitar, but it had not been done.

Profit and Loss of DC HWI Blitar

According to Munawir (2010: 26), income statement is a systematic report on income, expenses and profit and loss obtained by a company during a certain period. In the classification of income accounts and depreciation expenses on DC HWI Blitar there are still any mistakes. Discrepancies occur in the classification of accounts and there are some accounts that are still not listed. It is known, DC HWI Blitar is still wrong in recognizing and classifying accounts for business circulation and account for depreciation of inventory costs for DC HWI Blitar. In addition, DC HWI Blitar also has not yet stated the net profit which received after the tax rate.

The Income of DC HWI Blitar

The results of the researcher analysis of income accounts of DC HWI Blitar from records owned by DC HWI Blitar, found that there was a mistake in the recognition and writing of the accounts contained in the income statement that has been DC HWI Blitar arranged for the period ending December 31, 2018.

The researcher found, DC HWI Blitar only accumulated half of the total value of income from sales made during 2018. DC HWI Blitar also did not include the total sales of merchandise sold on credit, credit sales were only recorded in a simple report book without entering the amount in the income statement.

In addition, for non-operational income such as used cardboard sales and income from excess cash obtained during sales activities, it is known that DC HWI Blitar apparently also classifies the other income into sales income, which incidentally is operating income.

It causes the presentation of the value of sales revenue in the income statement of DC HWI Blitar for the period ending December 31, 2018 not to show the true value. This will affect the total profits actually obtained by DC HWI Blitar

The Expense of DC HWI Blitar

Expense is a decrease in economic benefits during an accounting period in the form of outflows or loss of assets or the occurrence of liabilities resulting in a decrease in equity which is not involve distributions to investors (Septiandana, Charteris, & Sholihin, 2019).

In the load account includes several expenses including expenses caused by losses and expenses arising from the company's operational activities. Based on its identification, expenses arising from operational activities in DC HWI Blitar are divided into three groups, namely cost of goods sold, operating expenses, and general & administrative expenses.

These expenses are in the form of outflows and decreases cash assets, merchandise inventories, and fixed assets. While the losses incurred in DC HWI Blitar activities are losses that occur as a result of uncollectible receivables which must be recorded in the income statement and presented or submitted individually.

Based on the analysis and identification, it can be seen that the presentation of expenses that have been presented by DC HWI Blitar in the income statement for the period ending December 31, 2018 is still not appropriate. This discrepancy occurs because there are still errors of UD DC HWI Blitar in measuring, acknowledging, and presenting expense accounts. In addition, there are still expenses incurred during DC HWI Blitar's activities that have not been included in the calculation of profit and loss. It cause the information on the income statement is not presented accurately.

The Income Tax of DC HWI Blitar

Income tax is a tax which is levied on the subject of income tax received or obtained in the tax year (Watung, 2013). Regarding income tax, DC HWI Blitar still recently presented income tax expense on its income statement. Because the tax burden on this income is not presented, so the net profit after tax obtained by DC HWI Blitar cannot be known for the previous year.

The Income Statement of DC HWI

The presentation of DC HWI Blitar financial statements uses the horizontal analysis method, where companies classify expenses according to their nature

Table 1
The Income Statement of DC HWI in 2016

Sales		Rp	162.550.000,00
Inventory Costs	Rp	102.678.000,00	
Freight Transport Purchase	Rp	5.600.789,00	
Discount	Rp	10.000.000,00	
Purchase Return	-		
Labor Cost	Rp	31.500.000,00	
Factory Overhead :			
Plastic Load and Stickers	Rp	5.591.000,00	
Electricity Load	Rp	1.855.000,00	
Total Factory Overhead			
Total Load	Rp	157.224.789,00	
Gross Profit		Rp	5.325.211,00
Operating Expenses :			
Transportation Expenses	Rp	17.198.157,00	
Total Operating Expenses			
Profit (Loss)	Rp	11.872.946,00	

Source : DC HWI Blitar

In 2016 DC HWI Blitar suffered a loss of Rp. 11,872,946. It was because too much cost incurred compared to business income. The sales value that is quite large compared to the value of inventory expenses is not able to make the company get profits. It happens because the possibility that all inventory is not absorbed or sold entirely in the market, resulting in losses, but the value of sales returns is not listed in the income statement. Therefore the drafting profit and loss of DC HWI Blitar is still very simple and some posts are not included.

Table. 2
The Income Statement of DC HWI in 2017

Sales		Rp	228.533.199,00
Inventory Costs	Rp	122.000.000,00	
Freight Transport Purchase	Rp	5.600.789,00	
Discount	Rp	10.000.000,00	
Purchase Return	-		
Labor Cost	Rp	31.500.000,00	
Factory Overhead :			
Plastic Load and Stickers	Rp	5.650.000,00	

Electricity Load	Rp	1.855.000,00	
Total Factory Overhead	Rp	176.605.789,00	
Total Load	Rp	176.605.789,00	
Gross Profit			Rp 51.927.410,00
Operating Expenses :			
Transportasi Expenses	Rp	12.750.000,00	
Total Operating Expenses	Rp	12.750.000,00	
Net Profit			Rp 39.177.410,00

Source : DC HWI Blitar

In 2017 got a profit of Rp. 39,177,410.00. It is because the costs incurred are smaller than sales, in addition 2017 have quite a surge in sales from the previous year. In 2017 DC HWI Blitar did not get a loss. Based on the results of interviews with the company, said that this loss caused by the greater costs incurred compared to business income, even the company has tried to minimize costs so the company can get out from negative conditions slowly even though the profits can not be as expected . This income statement does not include the value of the tax issued, it could be that the profit will be reduced later. Therefore the drafting profit and loss of DC HWI Blitar is still very simple.

Table 3
The Income Statement of DC HWI in 2018

Sales			Rp 177.650.000,00
Inventory Costs	Rp	98.000.000,00	
Freight Transport Purchase	Rp	5.600.789,00	
Discount	Rp	10.000.000,00	
Purchase Return	-		
Labor Cost	Rp	31.500.000,00	
Factory Overhead :			
Plastic Load and Stickers	Rp	4.560.000,00	
Electricity Load	Rp	1.855.000,00	
Total Factory Overhead	Rp	151.515.789,00	
Total Load	Rp	151.515.789,00	
Gross Profit			Rp 26.134.211,00
Operating Expenses :			
Transportasi Expenses	Rp	10.980.000,00	
Total Operating Expenses	Rp	10.980.000,00	
Net Profit			Rp 15.154.211,00

Sumber : DC HWI Blitar

In 2018 got a profit of Rp 15,154,211.00, however there was a decrease in sales from 2017. Purchases of product stock or inventory costs also decreased. Income obtained also decreased from 2017. Tax expense posts were not included in the report. The increasing transportation burden must be realized by DC HWI Blitar. It indicates that new fleet is needed to reduce transportation costs. Not recorded depreciation is one of the reasons for the large burden for DC HWI Blitar. Therefore the drafting profit and loss of DC HWI Blitar is still very simple.

Income statement is a reports that can not be separated from business activities in any form, where the income statement is used as information to see results in current business activities and related to future business. DC HWI has prepared an income statement, but there are still shortcomings, namely not including the tax expense, depreciation, and company investment items. Because shareholders still have family relations. Therefore the company has not recognized as part of the profit or loss portion of the investment.

4. CONCLUSION

Analysis and tracing resulted by researchers to DC HWI Blitar regarding the preparation of the income statement can be obtained a conclusion that in preparing the income statement that is on DC HWI Blitar there are still some incompatibilities. The preparation of the income statement that has been made by DC HWI Blitar for the period ending December 31, 2018 is still not appropriate. Where the mistakes and discrepancies in the presentation of accounts on the income statement presented by DC HWI Blitar Has an impact on the results of the valuations presented in the financial statements. There was a mistake in how to treat accounting activities to accounts on the income statement, which cause the income statement presentation for the period ending December 31, 2018 to produce an understated valuation (reportedly too low). This reflects the assessment of DC HWI Blitar's income statement for the period ending December 31, 2018 which has not been presented yet to show a fair valuation.

5. SUGESTION

Suggestions in this study are:

1. For the companies namely DC HWI Blitar:
 - a. The company should employ employees who are skilled in the field, especially accounting, so that the financial statement preparation process can be presented properly and correctly.
 - b. Business owners should raise awareness and build motivation for the importance of financial reports.

2. For the university

It is better to be able to participate in conducting socialization, counseling and training regarding the preparation of financial reports, especially profit and loss for small companies and workers, as a form of Three Pillars of Higher Education.

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