International Journal of Engineering & Technology, 8 (1.9) (2019) 33-37

International Journal of Engineering & Technology

Website: www.sciencepubco.com/index.php/IJET

Research paper



Application Software of Financial Statements Compilation for Monitoring Financial Growth

Dhanik Listiani[1*], Wardani Muhamad[2], and Sari Dewi Budiwati[3]

[1,2,3] Informatics Management Department, Telkom University, Bandung, Indonesia
**Corresponding author E-mail: dhaniklistiani@gmail.com*

Abstract

The financial statements are essentially financial records regarding the activities of the company or organization during the accounting period and used to provide useful information for a large number of users in making economic decisions. The URO Parts Store concern to use financial statements to monitor their financial growth. However, it does not yet have a well-integrated system, in particular, to record sales transactions and inventory. The process of recording and processing the sales and purchasing transaction data is still done conventionally using ledgers. In addition, the URO Parts Store also does not make financial statements to report the recapitulation of the proceeds, while the financial statement is an important thing that is needed to measure the operating performance of the business during the period as well as decision-making by management. Also, accurate financial performance is used as a basis for predicting the financial position and performance in the future. To answer the needs of URO Parts Store in accordance with its business processes, built an application software application that is able to record and process the sales transaction data. It can present items of information, sales data, purchase data, transaction reports, and financial statements that form the income statement and statement of changes in capital. The result shows that application can generate accurate financial statement during an accounting period.

Keywords: *Income statement; Statement of changes in capital; Sales data; Purchase data*

1. Introduction

URO Spare Parts (URO) is one of the business units in the areas of commercial motor vehicle spare parts. Transactions that occur every day, demanding data management and presentation of information is quite complex. Based on observations through interviews, primary data processing and document analysis

transaction data storage, it is known that at this time URO has the recording and management of the data include: data items, quantity and price of goods, supplier data, sales transaction data and transaction data of purchase. Overall the data processing is still done conventionally, such as recording sales and inventory information by using receipts, notes, records and all books are still written by hand. Documentation of transactions only in the form of writing and recording inventory ledger manually.

As a trading company, URO must be able to monitor inventory well. Inventory is operational problems often encountered by a trading company. If the amount is too little inventory and demand cannot be met due to lack of supplies, it will affect the value of service at a company to the consumer. Similarly, if inventory is too large, it will result in losses for the company due to the possible depreciation of value to the goods, and must provide the additional costs associated with inventory costs such as maintenance costs and cost accounting. Therefore, management should be able to decide how much of an item to be made available for the store. In addition, management should also be cautious in view the needs of consumers so that they are satisfied with the services they need. As stated by Eckert (2007), inventory control techniques can be used to optimize inventory and reduce costs, and to maximize the service to the customer. Improvements in inventory management course will make the organization more competitive in providing services to customers.

To set the proper inventory availability, some of the required information on URO the inventory calculations and financial statements. To avoid too many items to be procured, the owner should be able to get accurate information about the number of spare parts available in the warehouse. Availability of spare parts that are under the limit or even number of zero should be stressed that the availability of spare parts is always maintained. Eni, et al (2016) stated accurate sales prediction could help organization to maintain goods availability effectively.

In addition to inventory management, URO does not prepare financial statements in the sales process, whereas the financial statements are necessary to measure the operating performance of a business in a period and provide information for management's decision-making, for example in terms of investment and credit. This situation can inhibit URO to monitor organizational performance. Organizational performance illustrates how far an organization is able to achieve its targets. The performance of an organization can generally be divided into two, namely the performance of financial and nonfinancial performance. Rauch, et.al (2009) states that business performance is a multidimensional concept. One distinction is between financial and non-financial measures. The size of the non-financial dealt with matter such as satisfaction and success rates determined by the owner or manager of the company. Financial measures include

Copyright © 2019 Authors. This is an open access article distributed under the Creative Commons Attribution License, which permits unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited.

an assessment of factors such as sales growth and return on investment. This measure can be described by financial statement and confirmed by statements from Pongoh (2013), Riswan and Kesuma (2014) that financial statements used to assess the financial performance. URO believes that financial statement is important to assess the financial performance and used as a basis for predicting the financial position and performance in the future. Financial reports that can be generated by the application is constructed income statement and statement of changes in capital. The report is based on data sales and purchases made in cash, without taking into account their accounts payable and receivable.

2. Rudimentary

2.1 Accounting Reports

Overall purpose of accounting is to provide information that can be used in making economic decisions. Most accounting systems designed to produce information in the form of a report. To make a report, the first activity that must be done is to identify the type of information needed to compile the report. Once the information needs are well identified, the next step is to start designing an accounting system. The final result, the accounting system will record all data concerning the activities of the company. Phase accounting records include: journals and ledgers.

Reeve, et al (2011) explain, that in general, there are two types of journals, namely the general journal and the special journals. General ledger is the recording of transactions which affect the finances. Growing a company, the more transactions that occur. For ease of recording, we need a journal which is used to record the kind of transactions that occur regularly and repeatedly. Journal used to record similar transactions referred to specialized journals. Special journal is a method of summarizing transactions, which is a fundamental part of the accounting system. And also the ledger is a book which is a collection of all accounts in the company. Each account is contained in a detailed ledger, making it possible to view the condition of any existing account. Generally, entry from the journal to the ledger is done at the end of each month after the journals in the recapitulation. Recapitulation journal aims to determine whether the debit column and a credit column was balanced or not. If there is a difference value (unbalanced) between the two columns, it can be ascertained that there was an error in the recording of the journal

Accounting reports that provide information financial condition called financial statements. The financial statements are essentially financial records regarding the activities of the company or organization for a certain period of time (one accounting period) which shows the conditions at that time and used as background information for the parties concerned. Hery (2009) declare the purpose of financial statements is to provide information regarding the financial position, performance and changes in financial position of an enterprise that is useful to a large number of users in making economic decisions.

2.2. Financial Statements

Ryan and Utami (2012) mentioned the order of preparation of financial statements is based on the presentation are as follows

1.Income Statement, is a report that contains a record of activities or economic activities of the company in business. The essence of the income statement is to report all income or income with all expenses. The income statement contains information about the end results of the company's business that is net profit or loss, which is the result of a reduction of revenue and expenditure. Elements of the Income Statement are basically only contains two things: total revenue and total expenditure.

a. Income is increases in economic benefits (increasing capital or assets or decrease in liabilities) are derived from the company's operational activities, such as sales, providing services to clients, and income from non-operating activities such as the sale of securities and fixed assets.

b. Expenses are decreases in economic benefits (reduced capital / assets or increased liability) for the operational activities of the company.

2.Statement of 0wner’s Equinty, is a report presenting an overview of the changes in the owner of a company for a specific period (statement of changes in capital). The owner's equity will increase by the investment (capital injection) and net income, otherwise the owner's capital will be reduced by the prive (withdrawal / retrieval of cash to the owner's personal interests) and net loss. That is why the income statement should be made in advance is to determine whether the company increase or decrease of capital.

3. Application Software Requirement Identification

Application software requirement identification is commonly called as software analysis. Stages of analysis begins with identifying the activities of the business processes that run in the URO, especially in activities related to the purchase and sale of spare parts. Identify the business process is further illustrated in the flow map diagram. Pressman (2010) explain flow map as a depiction of a graph of the steps and the order of procedure of a program. Flow map defines the relationship between departments (agents of the process), processes (manual / computer based) and data flow (in the form of document input and output)

Here is flow map to describe the business process of purchase:

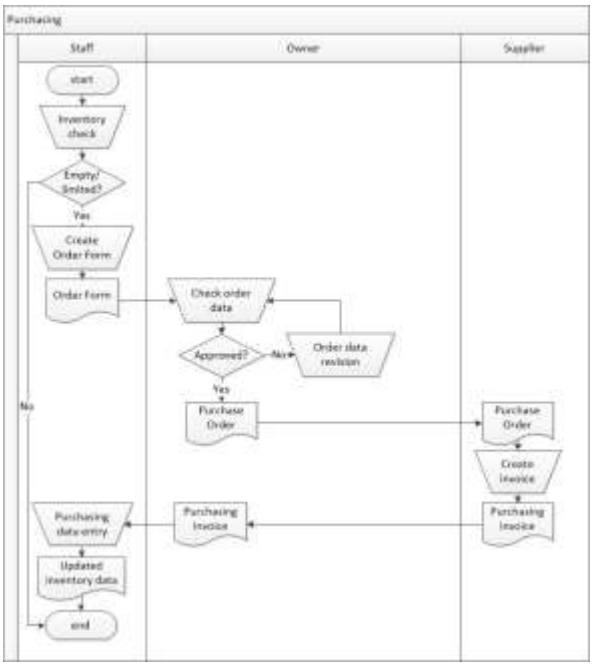


Fig. 1: Business process of purchasing

The business process is based on the stock purchase occurred when checking the inventory has been reduced to zero or is within the limit value. In this condition, the officer will make the booking form. The order form will be given to the owner to make an order to the supplier. As a proof of purchase, the supplier made the purchase invoice. The purchase invoice given to the owner as the basis of purchase accounting entries are categorized each period (per month). From purchase invoices, staff record the purchase as a spare part inventory data that has been updated. Harjoseputro (2015) has built an information system with functionality checking stocks that can provide accurate information. This functionality could be good inspiration to fulfill software application requirements built for URO.

In addition to the purchasing process based on availability of stock, the purchase process can also be done if there is a request directly from employees, particularly if there are spare parts needed by the buyer but not owned by URO.

In addition to the purchase, the main activities carried out by URO is sales. Fig. 2 describes the business processes of sales activity in URO:

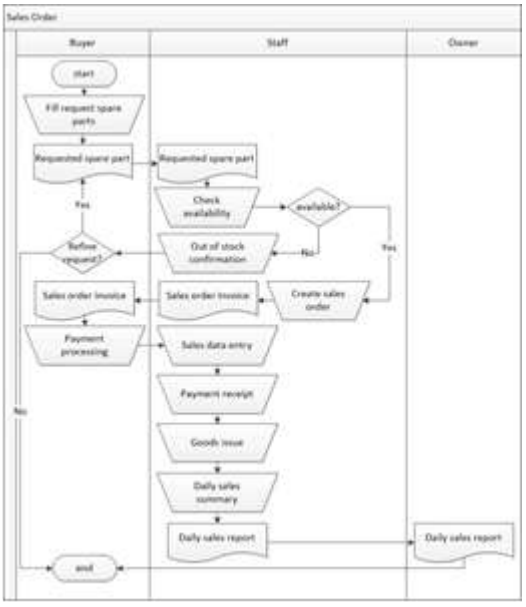


Fig. 2: Business process of sales activity

Sales occur when a buyer submits a list of spare parts required. Based on these data, staff checking stock availability. If the items needed are not available, the staff shall inform the buyer at the same time noting that runs spare part so it can be submitted to the supplier purchases. For any spare part available, will be prepared and recorded in a memorandum order spare parts. Once the buyer makes payments according to the nominal indicated on the bill of sale, staff will perform the daily sales summary reports to the owner. Jappi and Koan (2014) declared that sales order document can facilitate staff to serve buyers more flexible and secure as well as recorded all sales order on the same day.

Business processes have been analyzed into basic needs of software development and needs further translated into functionality. The depiction of functionality that are part of the application using use case diagram. Use case diagram describing an interaction between one

or more actors with the application to be made and used to determine what function is in a system and who is entitled to use each of these functions (Yulianto, et al., 2009)

Fig 3 shows use case diagrams that describe the functionality in the software:



Fig. 3: Use case diagram

To build software applications, other software is required such as programming languages and database management. Java was selected as the programming language used to build applications for, when compared to other programming languages, Java has several advantages that make it widely used mainly for enterprise applications. Some of the advantages of Java, among others (Rachmad Hakim S & Ir Sutarto MSi, 2009):

a. Relatively easy to learn. Java is an object oriented programming language that is easy to learn. Java improving object programming in C ++ by eliminating pointer on regular data types and multiple inheritance.

b. Easily developed. With object-oriented programming, Java program components split into one or more classes, in addition, can also use the classes that already exist in the Java API or created by third parties.

c. Platform independent. With the motto of write once run everywhere, Java can be used on several different machines. Starting from the PDA, mobile phone, computer, to the server. With different hardware and different operating systems, Java still be used. Provided that supports java platform. For example, a Java program can be used on a Windows PC, Linux PC, and Apple Mac OS.

Meanwhile, the management of the database used is MySQL, which is a relational database server is free under the GNU (General Public License). By the nature of open source, allows also the user to make modifications to the source code to meet their own specific needs. As a rational database management system, MySQL is able to store data in separate tables. This allows speed and flexibility. Here are a number of activities related to the data that is supported by the MySQL software (Kadir, 2010):

a. Storing data into the table.

b. Deleting the data in the table.

c. Change the data in the table.

d. Retrieving data stored in tables.

e. Allows to select the specific data that is retrieved.

f. Allows to set access rights to the data

4. Result and Discussion

Software application built used by the Indonesian, therefore, primary language used is Indonesian. Here are the results of the development of software applications on URO. Development of applications based on the translation of software requirements analysis, in particular to meet the functionality that should run on the application.

4.1. Managing Spare Part Data Master

User can add a new spare part of data in a way to fill in the appropriate data and ends by pressing the Save button. In addition, users are also presented with a list of spare parts that have been stored in the database. Applications classifying the presentation of data through tabulation based on availability of stock. Data of spare parts is white to indicate the number (stock) spare part above the limit. The yellow color indicates the stock of spare parts have the stock under the limit. Meanwhile, the red signifies the stock of spare parts is zero. Through information presented on, can be used as the basis for the purchase of spare parts for goods that have a stock below the limit or zero.

4.2. Sales Transactions

Through the sales transaction feature, employees who serve in sales activity, can enter a list of spare parts purchased by the customer. Through this application, employees facilitated because it does not need to calculate their own total cost to be paid by the customer in accordance with the goods he bought. This will prevent the occurrence of human error in the calculation of income.

4.3. Transaction Purchase Request

Application makes it easy for users to request the purchase. Feature to request the purchase of used by employees to apply for the purchase of spare parts, which the stock has reached its limit or zero. Furthermore, the owner will evaluate the request future purchases and will proceed with the purchase if the owner approves proposed purchase request.

4.4. Financial Statements

Application provides features to present financial statements based on the transactions that take place in the URO. Through the reports generated by the application, the owner can monitor and keep accurate financial condition at URO.The general ledger reports generated by the application based on the account and transaction period selected by the user.

Based on the data stored through sales and purchases, the app is also able to generate sales reports and statements of purchase. To view a report of sales and purchasing reports, the user must first fill in the reporting period. In addition, sales data and purchase is also used to calculate the amount of profit or loss realized URO. The amount of gain or loss suffered by URO reported through the income statement.

An income statement is a report to find out the business operations during a certain span of time in a state of profit or loss. In addition to reported sales and purchasing reports, the calculation of the profits or losses suffered by URO is also based on the amount of expenses incurred by URO within a certain time.

Application also able to produce statements of changes in capital presents the amount of capital provided by URO to run the business from the start of the business until now.

5. Conclusion

After testing, it was concluded that with the development of Application Software of Financial Statements Compilation for Monitoring Financial Growth in URO, its able to facilitate the owners in monitoring the financial condition accurately URO. Financial condition presented in the financial statements include: general ledger, income statement, and statement of changes in capital from transactions that take place in accordance with the URO run business. The main transactions that affect the financial statements produced are sales and purchase transactions. The difference between the cost incurred on purchase transactions and the amount of income earned on sales transactions can be used as the basis for the calculation of gains or losses URO. To support the monitoring of stock availability of spare parts, the application is able to present information availability. Such features facilitate the employees and owners when it must purchase its stock of spare parts is under the limit, or even zero.

References

[1] Eckert, S. G. (2007). Inventory Management and Its Effect on Customer Satisfaction. Journal of Business and Public Policy Volume 1 Number 3, 1-13.

[2] Eni, Y., Anggraini, A., Rudi, & Sudrajat, D. (2016). Accurate Sales Prediction and Raw Material Inventory at PT. XYZ. Pertanika J. Soc. Sci. & Hum. 24 (S), 1-10.

[3] Harjoseputro, Y. (2015). Rancang Bangun Sistem Informasi Pengelolaan Inventory pada Instalasi Laboratorium Klinik (ILK). SEMMAU 2015 (pp. 01-07). Kupang: STIKOM UYELINDO KUPANG.

[4] Hery, S.E, M.Si. (2009). Akuntansi Keuangan Menengah I. Jakarta: PT Bumi Aksara.

[5] Jappi, R., & Koan, D. F. (2014). Penerapan Inventory Management untuk Meningkatkan Profitabilitas di Toko X Kupang. Jurnal Ilmiah Mahasiswa Universitas Surabaya Vol 3 No 1.

[6] Kadir, A. (2010). Mudah Mempelajari Database MySQL. Yogyakarta: Andi Offset.

[7] Pongoh, M. (2013). Analisis Laporan Keuangan untuk Menilai Kinerja Keuangan PT. BUMI RESOURCES TBK. Jurnal EMBA Vol.1 No.3, 669-679.

[8] Pressman, R. (2010). Software Engineering : A Practitioner's Approach 7th Edition. New York: McGraw-Hill series in Computer Science.

[9] Rachmad Hakim S, & Ir Sutarto MSi. (2009). Mastering Java. Jakarta: PT Elex Media Komputindo.

[10] Rauch, A., Wiklund, J., Lumpkin, G. T., & Frese, M. (2009). Entrepreneurial Orientation and Business Performance: An Assessment of Past Research and Suggestions for the Future. Entrepreneurship Theory and Practice Volume 33, Issue 3, 761–787.

[11] Reeve, J., Warren, C., Duchan, J., Wahyuni, E. T., Soepriyanto, G., Jusuf, A. A., & Djakman, C. (2011). Pengantar Akuntansi Adaptasi Indonesia. Jakarta: Salemba Empat.

[12] Riswan, & Kesuma, F. Y. (2014). Analisis Laporan Keuangan sebagai Dasar Dalam Penilaian Kinerja Keuangan PT Budi Satria Wahana Motor. Jurnal Akuntansi & Keuangan Vol. 5 No 1, 93-121.

[13] Ryan, A., & Utami, M. M. (2012). Jurus Kilat Membuat Laporan Keuangan. Jakarta: Laskar Aksara.

[14] Yulianto, A. A., Husein, I. G., Astuti, R., Budiwati, S. D., Sari, S. K., & Witanti, W. (2009). Analisis dan Desain Sistem Informasi. Bandung: Politeknik Telkom.