

## ANALYSIS OF INCOME RECOGNITION AT KARTINI SMP SURABAYA

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### ABSTRACT

This study aims to determine the recognition of income in the financial administration section in a school institution, private junior high school under the auspices of the Public Relations Foundation which is engaged in educational services. To get the required data, the author conducted research at Kartini Middle School in Surabaya. The type of research used is descriptive, by collecting, analyzing and documenting and explaining data regarding income recognition. This research explains that how the income is recorded and recognized by Kartini Middle School. The results showed that Kartini Middle School used both income recognition methods namely cash basis and accrual basis.

**Keywords:** recognition, income, cash basis and accrual basis

### INTRODUCTION

In the current era, education has become a top priority for the majority of the Indonesian population, because they are aware of the importance of education, although there are still some people who put aside education for reasons of limited educational costs. Schools at the junior high school level in several regions in Indonesia have implemented the payment of free 'SPP' Education Development Contributions for state junior high schools according to their respective regional budgets. However, the treatment is different for private junior high school institutions, of course tuition fees are applied for students attending school.

In every economic activity, both companies in the sales sector and school institutions in the service sector, there is something called income. Revenue is an element for the formation of profit, which can be measured fairly according to revenue recognition principles. Meanwhile, profit can be used to measure the success or failure of an educational institution in managing the school's finances. Due to differences in the income conditions of people who are still middle class, school institutions use payments using an installment (credit) system, so it is necessary to record income recognition receivables.

Using an inappropriate income recognition method will result in information obtained from financial reports and services provided in cash having different problems with services in installments regarding income recognition issues. Determining income from services in cash is not the same as determining income in installments, because there should be interest charges which are generally borne by consumers or service payers. So that the appropriate income recognition method can be expected per income to be included in accountable financial reports.

Recognition of income in the field of educational services will influence the operating results of educational institutions in one period which can be used as a basis for decision making for parties with an interest in this information. Considering the importance of revenue recognition, revenue recognition must be in accordance with applicable Financial Accounting Standards.

### RESEARCH METHODS

In this research, to obtain real and accurate research results, the research was carried out directly at the research object, namely Kartini Junior High School, Surabaya. The research method itself is a method used to conduct research so that it can answer the problem formulation. So to obtain the required data and information using descriptive research methods with qualitative methods, through related parties in the work unit, especially regarding receipt of 'SPP' payments. The type of data obtained is in the form of primary data through direct exposure interviews from parties related to receiving payments and the school treasurer, as well as secondary data in the form of records or proof of transactions regarding receipt of payments. Literature research comes from books, scientific journals and articles related to revenue recognition. The analysis used in the discussion and processing of data is descriptive qualitative relating to the elements of revenue recognition according to PSAK No. 23 in stating revenue recognition.

### DISCUSSION

In this research, the author focuses the research discussion on the recognition of income originating from monthly student tuition income. After conducting research, it can be concluded that the results of research regarding the Analysis of Service Revenue Recognition at Kartini Middle School

Surabaya. As a private school, SMP Kartini Surabaya is an educational institution that operates in the service sector. From the activities carried out, schools will receive income from these results. The income can finance all kinds of school operational needs. In its services at SMP Kartini Surabaya, before recognizing income, you can know the stages of the income procedure as follows:

**a. Sources and Types of Income**

The source of income received by the school and managed by the financial administration comes from student parents in the form of contributions to pay tuition fees or monthly school fees, building money donations (Invest) and re-registration fees (DU). Tuition fees are paid every month during education, building fees are paid once and can be paid in installments during the education period, and re-registration fees are paid once for each class increase for the new school year, can be paid in installments until the end of the first semester. Meanwhile, the income received from the government is School Operational Assistance (BOS) and BOPDA funds which are managed by the school treasurer who In terms of differences in the types of income received by Kartini Middle School, it is divided into 2, namely routine income in the form of tuition payments, and incidental (non-routine) such as paying building fees, re-registration, purchasing uniforms and LKS books (student worksheets).

**b. Revenue Receipt Systems and Procedures**

The functions and procedures related to receiving income at SMP Kartini Surabaya are:

- 1) Reception Function: 2 payment counters
- 2) Cash Function: 2 treasurers
- 3) Accounting Function: 1 financial supervisor

All payment transactions are carried out at the payment counter at the school. The income procedure at Kartini Middle School can be seen through recording payments in Figure 3.3

Source: Kartini Middle School (2019)  
Figure 3.3 Daily Income Recap

The payment stages at Kartini Middle School are as follows:

- 1) Starting from the student's parent coming to school then making payment at the middle school counter and then getting proof of payment receipt.



Source: Kartini Middle School (2019)  
Figure 3.4 Student Tuition Fee Payment Receipt

- 2) The student's guardian includes a tuition fee payment card which is then signed and stamped by the counter staff as proof of payment in addition to the receipt
- 3) With proof of receipt and payment card, the counter will enter the payer's data into the daily SPP entry along with the receipt listed.

Source: Kartini Middle School (2019)  
Figure 3.6 Daily Income Recap Report

- 4) The counter section recaps daily payments, which are then deposited to the school treasurer
- 5) The school treasurer makes daily and manual cash reports, according to the account code.
- 6) Daily income and expenditure reports are summarized into weekly or monthly reports by the treasurer, for reporting to the school principal and foundation financial supervisor.
- 7) The financial supervisory department makes monthly financial reports. Based on the description of the system and stages of cash receipts at SMP Kartini, it was found that the implementation of the

cash receipts accounting system was appropriate, and in accordance with revenue recognition in accordance with PSAK No. 23. So the explanation of the system above can be analyzed as follows:

SMP KARTINI SURABAYA			
Bulan		DESEMBER	
Tahun		2017 - 2018	
Keterangan			
SPP - BONUS - WK - SAVING			
<b>REVENUE</b>			
Bayar SPP	Rp.	150.000	Rp.
Bonus	Rp.	50.000	Rp.
Wajib Kelas	Rp.	5.000	Rp.
SPP Murni	Rp.	1.200.000	Rp.
<b>EXPENSE</b>			
Bayar SPP	Rp.	150.000	Rp.
Wajib Kelas	Rp.	6.000	Rp.
SPP Murni	Rp.	145.000	Rp.
<b>REVENUE (S.A.)</b>			
Bayar SPP	Rp.	150.000	Rp.
Wajib Kelas	Rp.	5.000	Rp.
SPP Murni	Rp.	145.000	Rp.
<b>WAL KLAS / BONUS</b>			
SPP SPP 7 - 0 - 0	Rp.	150.000	Rp.
Wajib Kelas	Rp.	5.000	Rp.
Bonus	Rp.	50.000	Rp.
<b>SPP RELAS 2017</b>			
Bayar SPP	Rp.	150.000	Rp.
Wajib Kelas	Rp.	5.000	Rp.
Bonus	Rp.	50.000	Rp.
<b>SAVING 20% &amp; 5%</b>			
Bayar SPP	Rp.	150.000	Rp.
Wajib Kelas	Rp.	5.000	Rp.
Bonus	Rp.	50.000	Rp.
20%	Rp.	30.000	Rp.
5%	Rp.	7.500	Rp.
<b>SAVING 20% &amp; 5%</b>			
Bayar SPP	Rp.	150.000	Rp.
Wajib Kelas	Rp.	5.000	Rp.
Bonus	Rp.	50.000	Rp.
20%	Rp.	30.000	Rp.
5%	Rp.	7.500	Rp.

Source: Kartini Middle School (2018)  
Figure 3.11 Monthly SPP Management Data

Management of SPP income above shows that SPP per child is divided into 2 parts, namely bonuses for student carriers, and homeroom teacher bonuses. for class VII, and divided into 1 part for classes VIII and IX, namely bonuses for homeroom teachers. Then multiply by the saving percentage for SMP Kartini's cash, so that pure SPP income is obtained. From pure SPP it is recognized as income and then posted to the monthly balance sheet report.

It is estimated that income from monthly tuition payments is not 100% met because looking at some of the financial conditions of the families of students at Kartini Middle School, so that when recognizing their income, children are often in arrears in payments which results in additional receivables each month from the school. This finding is in accordance with the opinion of Hery (2012) who states that income recognition uses the installment method can be justified if the risk of uncollectible receivables is so great. Payment receivables and entering a new month's payment, the previous month's payment receivables should have been recorded in the school's receivables, so that they can meet the definition of an asset so that they can be recorded and reported as assets in the balance sheet, even though in their activities at SMP Kartini they do not make journal entries stating that there are receivables.

Revenue recording at Kartini Middle School uses the cash basis and accrual basis recording methods. Cash basis, namely SPP income recorded when cash payment transactions are paid, is used to recognize income that occurs at that time. Accrual basis is recognizing income recorded when a revenue transaction occurs even though cash is received from income that will be received next month or a future

period. To analyze transactions and make journal entries from these two methods as an example case at Kartini Middle School, it can be explained as follows:

a. Accrual Basis

1) Payment Received in Advance

On August 27 2018, class VII students made tuition payments for the next 4 months worth IDR 750,000.00, cash. Assets in the form of; Cash increases by IDR 750,000.00 (D) and liabilities increase in Unearned Income by IDR 750,000.00 (K). So recording journal entries according to Sujarweni (2015) should:

Cash Rp. 750,000.00  
Unearned Income - SPP Rp. 750,000.00

There are cases of SPP payments that are only paid in the following month and can be recognized

On April 20 2019, class IX students made payment for the outstanding tuition fees in March worth IDR 150,000.00, cash. Assets in the form of receivables increased by IDR 150,000.00 (D); and Income Assets of Rp

150,000.00 (K) when it has not been paid. But when payment of receivables turns into Assets in the form of Cash it is debited and Assets in the form of Receivables are credited. So Kartini Middle School records journal entries as follows:

Income - SPP IDR 150,000.00  
When cash has been received  
Cash Rp. 150,000.00  
Receivables Rp. 150,000.00

The recording of these two cases uses the accrual basis method, it is noted that it recognizes the influence of transactions and events when they occur without regard to the time period when cash is received or paid.

b. Cash Basis

Furthermore, the following case example is that on November 17 2018, a class VII student made a tuition fee payment which was only to pay obligations for that month alone amounting to IDR 150,000.00, in cash.

So assets in the form of cash increase by IDR 150,000.00 (D); and Income in the form of Service Income increases by IDR

150,000.00 (K). By recording journal entries you should:

Cash Rp. 150,000.00

Income - SPP IDR 150,000.00

Cash-based recording, for example, recognizes the effect of recording transactions and other events when cash is received or paid which is used for revenue recognition.

From several cases of monthly tuition payments above, for children whose payments are routinely recognized as cash basis, and accrual basis is recognized when there are transfer students at Kartini Middle School because children are required to pay tuition fees for 1 (one) semester to be paid in advance or otherwise. children who pay tuition fees for the next month and for children whose payments are in arrears. So Kartini Middle School applies these two methods as a basis for recording. This finding is in line with Hery's (2012) opinion in determining the correct amount of income and expenses in the right period.

Meanwhile, SMP Kartini's income recognition is not in accordance with (PSAK No. 23), because journal entries were not made in the financial statements, as well as receivables that were not recorded in the definition of assets in the balance sheet. Apart from that, this finding is also inappropriate according to the statement by Hery (2012) "Recognition is the process of recording items in journal entries, where each item that is recognized must meet one of the definitions of the elements of a financial report." Inappropriate income recognition can make financial information wrong, and cannot be used as a source of information in making decisions and evaluating work well.

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