

Revenue Recognition in Accordance with Statement of Financial Accounting Standard (PSAK) No.23/2010 at PT AKR Corporindo Tbk

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According to PSAK 23/2010 revenue is the gross inflow of economic benefits arising from the normal activities of an entity during a period when those inflows result in increases in equity that is derived from the contribution of investors. The main income earned by AKR Corporindo is selling a distribution business and supply chain solution. The final assignment method used in this research is descriptive method, involving descriptive, observational methods that analyze the condition of the company. AKR Corporindo apply accrual basis to recognize revenue. Application of revenue recognition is done by AKR Corporindo in accordance with PSAK No. 23/2010, in which revenue is recognized on the basis of PSAK No. 23/2010. The possibility that the economic benefits associated with the transaction will be obtained by the entity and the amount of revenue can be measured reliably. Revenue Recognition in accordance with PSAK No.23/2010 at AKR Corporindo can be concluded as occurring on the basis of revenue recognition as used at AKR Corporindo. The findings are that with regards to accrual basis of revenue recognition, which is where the income from the sale of goods or services is recognized in the period of the transaction, although cash has not been received by the company, the transactions have been recorded and recognized as revenue.

Key words: *revenue recognition, PSAK No. 23, financial statement.*

Chapter I

Introduction

Background

Economic development is rapidly increasing and this further encourages businesses to work to maintain company continuity. In general, the main goal is the establishment of a company to generate maximum profits and obtain optimal results within available economic resources. With the increasing number of competitors, any company, to improve its profitability and performance must invest in good management so as to face the competition. Management have a great responsibility for the preparation and presentation of financial statements and any income and expenditures of the company must always recorded in the financial statements of the company.

The main problems in accounting for revenue is determining revenue recognition. A State Owned Enterprise (SOE) is a state company that is managed by the state in addition to it being one of the sources of income of the country. SOEs are very important as the state seeks to improve the management and productivity of companies, especially in the field of transportation. Indonesia has a number of State-Owned Enterprises (SOEs) engaged in various fields of transportation services.

Presentation of the AKR Corporindo financial statements have been partially in accordance with Statement of Financial Accounting Standards. Calculation results of operations using the accrual basis find that revenue is recognized at the period of the transaction or upon realization of rights over the goods to the customer. Income statements show that AKR Corporindo income has increased every year. AKR Corporindo is a company engaged in service. Maximum revenue is necessary for the activity of the company to be run continuously. Sources of income for AKR Corporindo are obtained from business distribution. In practice, the company had no difficulty in determining their actual corporate earnings. Revenues have been implemented have been recognized and measured reliably in accordance with financial accounting standards. Therefore, the company views the application of the appropriate accounting for revenue as indispensable in order to source accurate information.

Chapter II

Literature Review

Definition of Revenue

Income is the result obtained from the results of operations of an enterprise during a defined period. Revenue is one of the benchmarks for management in managing a company. Company management would want to know the value or amount of income earned in the accounting period as recognized in accordance with generally accepted accounting principles (Abdul Hadi et al., 2018; Shokanov et al, 2018).

According to PSAK 23 paragraph 06 Indonesian Institute of Accountants (2010: 23; 3):

"Revenue is the gross inflow of economic benefits arising from the normal activities of an entity during a period when those inflows result in increases in equity that is not derived from the contribution of investors".

Table 2.1: Timeline and Revenue Recognition Criteria

	Before the Point of Sale	Point of Sale	After Point of Sale
	EXCEPTION: Revenue can be recognized before the point of sale if:	Normal: Revenue is generally recognized at this time point.	EXCEPTION: revenue recognition should be deferred if:
Criterion 1: It has been realized	Customers provide a valid payment promise AND	Criterion 1 is usually filled at this point.	Customers do not provide a guarantee of payment are valid at the time of receipt of the products or services OR
Criterion 2: Finish substantially	there is a contractual guarantee conditions of sales that occurred later.	Criterion 2 are usually filled at this point.	there remains a significant effort by the contract.

Source: Stice, James D., at al (2009: 494)

Revenue Recognition Criteria

According to PSAK No. 23/2010 revenue recognition criteria are usually applied separately to each transaction.

Table 2.2: Revenue Recognition Classified According to Nature Transactions

Type of Transaction	Product sales of inventory	Provision of services	Allow the use of assets	Sales of assets other than inventory
Description of revenue	Revenues from sales	Revenue from fees or services	Income from interest, rent and royalties	gains or losses on the disposition

Time revenue recognition	Date of sale (date of submission)	services have been implemented and can be billed	With the passage of time or when the asset is used	The date of the sale or exchange (trade-in)
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Source: Kieso, at. al (2008; 516)

Table 2.3: Methods, Time Recognition and Treatment Costs

Method	Revenue Recognition Time and / or Profit	Treatment Costs Direct Costs in Product or Service Contract
Full accrual	At the point of sale	Charged to income at the time of the sale or execution of services
Installment Sales	At the time of the cash payment. Usually most of the cash payments are recognized as income	Suspended in order to be associated with a portion of any cash payment. Usually done by suspending the estimated profit
Cost Recovery	At the time of the cash payment, but only after all the costs recovered (closed)	Suspended in order to be associated with the total cash received
Cash	At the time of the cash payment	Recorded as an expense when incurred

Source: Stice (2009: 526)

Definition of SOEs

A State Owned Enterprises (SOE) is a business entity which the capital wholly or partly owned by the government. According to Law 19 of 2003 on State-Owned Enterprises, stated that SOEs are as follows (Saudi et al., 2019):

1. State-Owned Enterprises, hereinafter referred to as SOEs, is a business entity that is wholly or largely owned by the state capital through direct investments from state assets set aside.
2. Limited Liability Company, here in after referred Limited, is a state-owned limited liability company whose capital is divided into shares all or at least 51% (fifty one percent) owned by the Republic of Indonesia with the main objective advantage.
3. Open Limited Liability Company, hereinafter referred to as Limited Corporation, is the capital company and number of shareholders meet certain criteria or company public offering in accordance with the laws and regulations in the field of capital markets.
4. Public Company, hereinafter referred to as General Company, is a state whose capital is wholly owned by the state and not divided into shares, which aims for the public

benefit in the form of supply of goods and / or services of good quality and at the same time the pursuit of profit based on the principles of corporate management.

Chapter III

Research Method

Research Object

The object being observed is the recognition of revenue in accordance with PSAK No. 23/2010 at AKR Corporindo.

Research Method

The research method used in this study is descriptive method. Descriptive method is a method that analyzes the observation of a picture of the company based on theory derived from the literature review that eventually results in a conclusion. Reference was made as to how to obtain the data (Sinaga et al., 2019).

Field Study

Studies on the company directly to obtain the data and information were needed. In this study writing activities which include observation of their business activities and collecting data related to the company's revenue recognition.

a. Interview

Interview namely data collection techniques by conducting debriefing to obtain information to parties who are bound directly in this study, namely the accounting section. Data obtained from interviews relating to the method of recording in revenue recognition.

b. Observation

Observation of data collection techniques by conducting reviews directly to companies especially those related to revenue recognition.

c. Work Practices

Practical work that was reviewed directly by the company that became the object of observation during the specified time.

Studies Library

A library that is made up of books that have something to do with the problems that are being observed. This theory is required primarily to support review of the literature and as a basis for comparing with the real issues.

Chapter IV

Analysis

Recording Revenue Recognition

Table 4.1: PT AKR Corporindo Tbk and Subsidiaries Consolidated Statements and Comprehensive Income Year Ended December 31, 2012 and 2011 (Amounts are Expressed in Thousands of Rupiah, unless Otherwise Stated)

	2012	2011
Continuing Operations		
Other Comprehensive Income	185.632.669	57.191.406
	(48.595.569)	(8.065.916)
Exchange difference due to translation of financial statements		
Related differed tax		
Other Comprehensive Income for the Year, net of tax	137.037.100	49.125.490
Total Comprehensive Income for the Year	755.870.443	2.348.705.709
Profit (Loss) for the Year attributed to:		
Equity/holder of the parent entity/	649.313.620	2.308.926.841
Non Controlling Interest	(30.480.277)	(9.346.622)
Profit for the Year	618.833.343	2.299.580.219
Profit (Loss) for the Year attributable to:		
Equity/holder of the parent entity/	775.370.563	2.356.212.751
Non Controlling Interest	(19.500.120)	(7.507.042)
Total Comprehensive Income for the Year	755.870.443	2.348.705.709

Source: PT AKR Corporindo Tbk (processed data)

From the above it can be concluded that the revenue recognition AKR Corporindo in accordance with the theory of PSAK No. 23/2010 is recognized when it is likely that future economic benefits will flow to the entity and these benefits can be measured reliably.

Chapter V

Conclusion

Conclusions

1. Basic recording of revenue recognition uses AKR Corporindo accrual basis.
2. The company's revenue recognition method uses AKR Corporindo as a full accrual method.
3. Application of revenue recognition is conducted by AKR Corporindo in accordance with PSAK No. 23/2010.

Recommendation

1. AKR Corporindo should further increase revenues in order to avoid a decline in each year, therefore it is expected AKR Corporindo maintains the use of its assets in order to increase their income.

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