The Efficiency of Bookkeeping Financial Transactions in The Preparation of Financial Reports the Ward Financial Institution Patihan Manguharjo District Madiun City

Rino Desanto Wiwoho 1)  
1) Politeknik Negeri Madiun

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Corresponding author:  
E-mail: rinomdn@yahoo.co.id

ABSTRACT  
At the end of each quarter and at the end of each year The Ward Financial Institution (TWFI) Patihan is obliged to submit financial reports to the Madiun City Government through the relevant offices. Financial reports are submitted in printed form. Making TWFI financial reports is seen as inefficient. Recording of financial transactions still uses a single-entry system. Some financial records that are not really needed must still be attached to the financial statements. The system for recording financial transactions that is deemed necessary to be implemented at TWFI Patihan is a double entry system. In this study, the Microsoft Office Excel application was used. All the required accounts are poured into sheets, one account per sheet, like a ledger. Each account displays its balance. Each balance of the account is linked to balance sheet, Income Statement, statement of equity and Cash Flow. Every time there is a new transaction and it has been recorded in both debit and credit accounts, the value of the account in the financial statements will also change. The results of the study show that recording financial transactions with a double entry system is more appropriate for TWFI. Reporting to the Madiun City Government can be submitted in one file which includes all accounts with their balances and the required financial statements. TWFI management needs to improve skills in recording every transaction with a double entry system.

INTRODUCTION  
The Ward Financial Institution (TWFI) is a microfinance institution (not a bank and not a cooperative) that is managed by the community at the ward level whose initial capital comes from Direct Community Assistance, as revolving capital from the Central Government, Provincial Government, and the Madiun City Government, which in turn become the wealth/assets of the Madiun City Government in the ward (Perwali Number 27 of 2015).  
The recording of financial transactions carried out by TWFI so far still uses a single bookkeeping system. At the end of each quarter and at the end of each year, TWFI is obliged to submit financial reports to the Municipal Government of Madiun through the relevant offices. The financial reports

requested by the related Office are in printed form and not efficient. Some financial records that are not really needed must still be attached to the financial statements.

One of the assets owned by TWFI Patihan is a computer set. Having a computer makes it possible for TWFI to make it easier to book financial transactions and prepare financial reports. Every transaction can be recorded directly with a double entry recording system into existing accounts. With the help of Microsoft Office Excel, the balance of each account is immediately known and linked to financial reports. Up to any time, the financial position of TWFI can be known.

Financial reports are reports that contain company financial information at a certain time in the form of a balance sheet, income statement, statement of changes in equity and statement of cash flows. As stated by Munawir (2010) in general, the financial statements consist of a balance sheet and profit and loss calculations as well as a report on changes in equity. The balance sheet shows or describes the total assets, liabilities and equity of a company on a certain date. Meanwhile, the income statement shows the results that have been achieved by the company and the expenses incurred during a certain period, and the statement of changes in equity shows the sources and uses or reasons that have caused changes in the company’s equity.

The main purpose of financial reports according to Fahmi (2011) is to provide financial information that includes changes in the elements of financial statements addressed to other parties who have an interest in assessing the financial performance of the company in addition to the company’s management. According to Sukardi and Kurniawan (2010) the objectives of financial reports are:

a. As a business language that is easily understood by all parties.
b. Shows the logic of interrelationships between items in the financial statements.

The benefits of financial reports, according to Sukardi and Kurniawan (2010) are:

a. For management, as a basis for compensation.
b. For company owners, as a basis for assessing the increase in company value.
c. For suppliers, to find out the magnitude of the possibility of payment of debt.
d. For banks, this is proof that the company is liquid and has sufficient working capital.

In the Indonesian Institute of Accountants (2015) it is stated that financial reports have four main qualitative characteristics, namely understandability, relevance, reliability and comparability.

a. Understandable, an important quality of information contained in financial statements is the ease with which users can immediately understand them.
b. Relevant, information must be relevant to meet the needs of users in the decision-making process.
c. Reliability, information must also be reliable. Information has the quality of being reliable if it is free from misleading notions.
d. Comparable, users must be able to compare the company’s financial statements between periods to identify trends in financial position and performance.

Types of financial statements generally consist of a balance sheet, income statement and statement of equity. As Gumanti (2011) mentions, namely:

a. The balance sheet is a report on the assets and liabilities or expenses of a company in a certain period.
b. The income statement shows the company’s operating performance in a certain accounting period, and also shows how far the company is able to carry out business activities and how efficient the company is in generating profits.
c. Statement of changes in capital, shows how much of the share or portion of the net profit earned by the company is reinvested into the company which affects the amount of capital as a whole.
d. Cash Flow Report. Presents information about net cash flow from the three main activities of the company, namely cash flow from operating activities, cash flow from financing, and cash flow from investing activities.

The system for recording financial transactions that is seen as the most representative for achieving bookkeeping objectives is the double entry system. The main principle of this system is that every transaction is recorded by debiting and crediting two accounts with the same amount. Every transaction will be recorded in the proper account. Every transaction that is recorded with the same number of debits and credits, the total of all debits on the account will be equal to the total of all credits.

In determining the accounting equation, the double entry system is far more efficient than the single-entry system. To ensure the equality of the two sides of the accounting equation, it is necessary to compare total assets with total debt and equity. The accounting equation describes the entire value of the assets owned and the origin of these assets.
METHODS

This type of research is experimental research. In this study, the Microsoft Office Excel application was used. All the required accounts are poured into sheets, one account per sheet, like a ledger. Each account displays its balance. Every time a new transaction is recorded in two debit and credit accounts with the same amount and the balance of these accounts will change according to the addition or reduction in the account.

Each balance of the account is linked to the Profit and Loss financial statements, Change in Residual Profit, Balance Sheet and Cash Flow Statement. Every time there is a new transaction and it has been recorded in both debit and credit accounts, the value of the account in the financial statements will also change. Changes in the financial position of LKK can be seen at any time, according to the recording of transactions that occur. The financial transactions used in this study are transactions that occurred during October 2022.

RESULTS AND DISCUSSION

The most cash transactions during October 2022 occurred compared to transactions in other accounts. Borrowings by customers are recorded in cash accounts (figures 1 and 2) and accounts receivable (figure 3). Loan repayments are also recorded in the cash account and accounts receivable. Cash and accounts receivable balances are linked directly to the balance sheet. Every loan transaction and loan repayment results in a change in the balance sheet (figure 9).

Figure 1: October 2022 Cash Transactions
Loan payments accompanied by loan interest payments are recorded in the loan interest account (figure 4) and the cash account. The loan interest account is linked directly to the income statement. Each loan interest payment transaction results in a change in the income statement (figure 8).
Each loan is subject to an administration fee which is recorded in the loan administration account (figure 5) and the cash account. Administrative account balances are linked directly to the income statement. Every loan administration transaction result in changes to the income statement.

Another transaction that occurred during October 2022 was the purchase of ATK (figure 6). ATK purchases are recorded in the ATK account. The ATK account balance is linked directly to the income statement. Each ATK transaction results in a change in the income statement.
Debt transactions occur as a result of an obligation to pay PAD and management incentives which will only be paid after December 31, 2022. Payment obligations are recorded in the accounts payable (figure 7) and report on changes in remaining profits (figure 8). Accounts payable are linked directly to the balance sheet. Every debt transaction results in a change in the balance sheet.

**Figure 7: October 2022 Debt, Capital Transactions**
The net profit on the income statement, the difference between the beginning of the month and the end of October, is directly linked to the statement of cash flows (figure 9). Likewise, the difference in debt between the beginning of the month and the end of the month will reflect changes in cash during October 2022.

CONCLUSIONS AND SUGGESTION

The double bookkeeping system using the Microsoft Office Excel application makes it easier for LKK Patihan to prepare financial reports. The application of a double bookkeeping system allows you to view financial positions at any time, the balance of each account can be read immediately and connected directly to the financial statements.
LKK Patihan is still accustomed to recording transactions using a single bookkeeping system. LKK administrators need to improve their skills in recording transactions with a double bookkeeping system.

Financial reports to the Madiun City Government can be submitted in one file which includes all the accounts and financial reports needed.

REFERENCES