

REVIEW OF ANALYSIS SOURCES AND THE USING OF CASH AT PT PINDAD (PERSERO)

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ABSTRACT

Financial report is one of the media in delivering information that can be used by the parties concerned as an ingredient in the decision making consideration. The role of the financial statements are very important in measuring the development of the company to accomplish the progressing of the company. One report shows changes to the financial position is to report the sources and uses of cash. Reports indicate the sources and uses of cash for a change in the cash value of the accounting period and give reasons for those changes and show the cash value of any cash sources and uses. In the preparation of this research, the authors do practical working at PT Pindad (Persero). The work of this practice is poured by the authors in the research entitled "Review of Analysis Sources and the Use of Cash at PT Pindad (Persero)". From the result of this data research, it is known that in 2010 the amount of cash resources at PT Pindad (Persero) has increased. This is because in 2010 the company experienced an increase in operating income compared to the year 2009 that would result in increased amount of cash resources.

Keywords: sources and the use of cash

1. INTRODUCTION

Cash plays an important role in running the activities of the company, because it is a cash working capital element of the highest liquidity. Therefore setting the amount of cash is a major issue for financial managers in managing the company's activities. That number is an indicator that shows whether from operations can generate enough cash flow to run their business back. Financial report serves as a conduit of information for those who need it. The role of the financial statements is critical in measuring the development of PT Pindad (Persero) which includes the development and smooth running of their business. Statement of cash flows reflects cash receipts and disbursements in PT Pindad (Persero) with respect to the resources that aims to generate income.

2. LITERATURES

According to Munawir (2007:5) understanding financial statements is as follows:

"Two of the list compiled by the end of the accounting period for a company. The second list is a list of the balance sheet or financial position of the list and the list of income or the income list. At the time lately has become a habit for the trusts to register a third profit is the surplus list or lists that do not share profits or retained earnings. "

Meanwhile, according to Donald E. Kieso (2007:6) financial reporting purposes is as follows:

"The objective of financial statements is to provide useful information for investment and credit decisions, information that is useful in assessing future cash flows, and information about enterprise resources, claims to those resources, and changes in it.

Qualitative characteristics of financial statements in accordance with Indonesian Institute of Accountants (2009:5) is as follows:

1. Can be understood

Quality of information in the financial statements is around simplicity to be understood by the user immediately. For this purpose, users are assumed to have adequate knowledge of business and economic activity, accounting and a willingness to study the information with reasonable diligence.

2. Relevant

To be useful, information must be relevant to meet the needs of users in the decision making process. Have relevant information that may affect the quality of economic decisions users by helping them evaluate past events, present, or future, confirm or correct, the results of the user evaluation of the past.

3. Reliability

To be useful, information must also be reliable. Have quality information reliably if free from misleading understanding, and reliable material errors users as sincere or honest representation of who ought to be served or that are reasonably expected to be presented.

According to Donald E. Kieso (2007:380) definition of cash are as follows:

"Cash is the most liquid assets, a medium of exchange and a standard of measurement and the basis of accounting for all of its posts".

Meanwhile, according to Dwi Prastowo and Rifka Julianty (2008:34) states that:

"Cash is a highly liquid investments, short-term and are readily convertible to cash with a certain amount without facing a significant risk of changes in value."

Understanding the sources and uses of cash analysis are as follows:

"Analysis of the sources and uses of cash is defined as the difference between total current assets and current liabilities, then the amount of working capital will rise or fall simply because the transactions that affect both the current account and non-current accounts at once."

Analysis of the sources and uses of cash can provide information that allows the users to evaluate the changes in net assets, financial structure and the ability to affect the amount of cash flows in

order to adapt to changing circumstances and opportunities. Cash flow information is useful in assessing the ability of the enterprise to generate cash and enable users to assess and compare the present value of future cash flows.

According to Munawir (2007:157) objective analysis of the sources and uses of cash are as follows:

"The objective analysis of sources and uses of cash are to obtain information on the causes of surplus (deficit) of cash during a certain period, so it can be used as a basis for decision making on cash".

3. RESEARCH METHOD

The method used in the writing of this research is descriptive method that searches fact the correct interpretation. The purpose of the descriptive method is to solve, analyze and clarify data have been obtained and presented in a form that can provide a clear picture of the object under study.

4. ANALYSIS

Table 1
PINDAD PT (Persero)
Sources and Uses of Cash Report
December 31, 2010 and 2009

Sources of Cash	Rp	%	Use of Cash	Rp	%
Net trade receivables	204 125 920	38.10	Cash and cash equivalents	4598697	0.86
Other receivables	785 400	0.15	Advance	13,565,955	2.53
Stock	42,035,986	7.85	Prepaid expenses	4608520	0.86
Prepaid taxes	26,443,649	4.94	Preformance implementation of tangible fixed assets	632 635	0.12
Revenues are still accepted	4638207	0.87	KSO assets PINDAD Dahana	356 850	0.07
Tangible fixed assets	593 161	0.11	Intangible fixed assets in the implementation	1143908	0.21
Intangible fixed assets	299 207	0.06	Unmoving inventory	220 496	0.04
Trade payables	112 645 415	21.03	Other receivables Non-current	250 124	0.05
Bank debt	8006464	1.49	Bail	35 233	0.01
Tax debt	23,219,604	4.33	Suspended load	312 565	0.06
Other payables	1500528	0.28	Restricted funds	53,559,503	10
Accrued Expenses	13,868,569	2.59	Rent received in advance	577 983	0.11
Advance sales	60,023,054	11.20	Deferred tax liabilities	2420379	0.45

Employee benefit obligations	1784857	0.33	Restricted funds	53,559,503	10
Profit / loss from restructuring	25,889,082	4.83	General reserve	628 873	0.12
Brackish earnings unappropriated	9886208	1.85			
Number of Sources of Cash	535 745 311	100	Number of Uses of Cash	136 471 224	25.47
			Increase in Cash Resources	399 274 087	74.53
	535 745 311	100		535 745 311	100

Source: PT Pindad (Persero)

Cash resources on PT Pindad (Persero), among others sourced from:

1. Net receivables increased
2. Inventories increased due to unsold inventory
3. Bank debt increased because the company has obtained working capital loans from banks
4. Employee benefit liabilities increased due to the hiring of new employees by the company.

The use of cash occurred in PT Pindad (Persero) is as follows:

1. Cash and cash equivalents decreased due to the payment of operating expenses, purchase of fixed assets and pay current liabilities and long term
2. Advances for purchases declined due to contract with other companies in the installation and maintenance services of machinery
3. Prepaid expenses decreased due to vehicle insurance payments
4. Unmoving inventories decreased due to the use of material contained supplies in warehouses that can not be used and reused in 2010

In the exercise of sources and uses of cash can serve as guidelines that provide direction as well as the tasks that must be accomplished to control and evaluate the activities of the company in the future. For that it needs a control on the implementation of the report on the sources and uses of cash Pindad PT (Persero). Implementation report on the sources and uses of cash Pindad Persero) is as follows:

1. Divisions and other units to prepare financial statements for transactions that occur in the environment division and each business unit
2. Each division and business unit financial statements are required to report to headquarters
3. Headquarters to prepare financial statements for transactions that occurred in the central office
4. Headquarters preparing the combined financial statements for the transaction based on the financial statements of all entities in accounting

5. Headquarters to prepare consolidated financial statements consolidate the financial statements of subsidiaries and joint

6. After preparing the consolidated financial statements of the company prepared a report on the sources and uses of cash.

5. CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusions

Based on observations and discussions that have been the author pointed out in the previous chapter, it can be concluded as follows:

1. Preparation of the sources and uses of cash in PT Pindad (Persero) has been going well. It can be seen from the steps in the preparation of the sources and uses of cash
2. From the analysis conducted to report the sources and uses of cash pad PT Pindad (Persero) that the source of cash in 2010 increased compared to 2009 due to the increase of operating income
3. The process of implementation reports on the sources and uses of cash Pindad PT (Persero) for the implementation is done by the central office, each division and other units just reported its financial statement presentation headquarters.

5.2 Suggestions

Based on the research and anlisis above, the author tries to give input which is expected to be useful for Pindad PT (Persero) as follows:

1. Each division or other business unit is often not timely in presenting its financial statements, and therefore should each division or unit other transactions made in duplicate evidence of cash and cash-out for the right time in the presentation of financial statements
2. To generate greater revenue than in previous years should the company increase sales by expanding the market share of one of them in the general population
3. In preparing the financial statements should each division and other units in the timely reporting on the financial statements that the central office headquarters can be the right time in preparing the consolidated or combined financial statements.

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