



Petty Cash Accounting Analysis on CV Min Java Farm

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Abstract: The purpose of this study was to determine the management and accounting treatment of petty cash on CV. Min Java Farm. This research is located at Bukit Apit, Kenagarian Sungai Talang, Guguk District, 50 City Regency, West Sumatra. This research was conducted by direct observation using interview and documentation techniques. The data analysis technique used in this study is descriptive qualitative, the results of this study show the results of the petty cash accounting analysis are going well and in accordance with the applicable PSAK, in addition to the transaction process for disbursing petty cash funds, using petty cash funds, and replenishing cash funds. Minor activities have been carried out with the use of documents and in accordance with established procedures.

Keywords: Accounting, Cash, Petty Cash

INTRODUCTION

The development of a business from a simple level to a broader and more advanced level cannot be separated from the quality of the company's work. It is impossible to achieve good quality financial reports without a system of safeguarding and supervision as well as good work procedures. In a business, a professional attitude is needed from all elements in the company in order to maintain the quality of the company for the better.

Financial management is very important, because it is the main key to the company's operational activities and will not be separated from activities related to cash. In a business, one of the factors that support the success of the company is a system of control and supervision of cash and the formation and management of petty cash. Therefore, every company will closely monitor this, one of which is CV. Min Java.

CV. Min Java Farm is a business entity engaged in chicken farming, which includes chicken farming, chicken feed, and the sale of chicken eggs themselves. In carrying out its operational activities, CV. Min Java Farm cannot be separated from the use of cash, be it receipts or disbursements. Cash is a very important company asset which is a means of payment for every transaction made.

Cash receipt transactions are additions to assets originating from the budget provided by the center. Cash disbursement transactions are transactions that reduce the company's

assets to obtain benefits in the form of additional assets whose payments cause cash to decrease. Expenditures can be classified based on the amount, there are large and small. Large transactions usually use checks to avoid misappropriation of funds.

The cash disbursements to the company do not have to all use checks. For this reason, the company forms a special fund called petty cash. The establishment of petty cash in the company aims to pay small amounts. Petty cash funds must be determined by management, and must not exceed existing provisions. Even though the expenditure is small, the transaction must still be recorded in the books.

Petty cash control determines what will be carried out, evaluates work performance and needs to determine corrective actions so that work results are in accordance with the specified targets. Also supervises to ensure that transactions are properly authorized, checked, and recorded. Petty cash control aims to maintain accurate cash records, safe cash storage and cash disbursements made and authorized by authorized officers.

Based on the description above, the identification of the problems that will be examined are:

1. How to manage petty cash accounting on CV. Min Java Farm.
2. How to treat petty cash accounting on CV. Min Java Farm.

LITERATURE REVIEW

Cash

Cash is a very important asset in a company for the daily operational activities of a company. With cash, operational activities can take place smoothly from small to investment activities in a company. The understanding of cash according to Dwi Martini (2012: 180) states that cash is a financial asset that is used for the company's operational activities.

According to Rizal Effendi (2013: 191) in terms of accounting what is meant by cash is everything (whether in the form of money or not) that is used as a means of payment or means of settlement of obligations. Included in cash are checking accounts at the bank (cash in bank), and cash held in the company (cash in hand). Cash in the company is the most liquid (current) asset, so it is placed on the balance sheet at the top in the top group. According to Rudianto (2012: 188) cash is a medium of exchange owned by the company and is ready to be used for corporate transactions.

From several explanations according to experts, it can be concluded that cash is an asset in the form of money or non-money that can be used to pay company obligations and is the most liquid asset. And cash can be in the form of cash in the bank and cash in the company. The cash in the company is petty cash.

In managing cash, it must get special treatment in a company, because if the cash management in a company is less effective, it will have a bad impact on the company. According to Dwi Martani (2012: 182) some control over cash, and as follows:

- a. There is a separation of duties between the party authorizing and paying, the party managing cash and recording, the user and the paying party. The level of segregation of duties is adjusted to the needs of the entity. In large entities the separation of tasks is carried out in separate units, in small entities the task can run ideally.
- b. Users of safes for storing cash or in closed spaces with limited access
- c. Cash receipts and disbursements use different accounts.
- d. Withdrawals made through banks using checks
- e. Cash receipts are made through the bank, for security.
- f. Use of petty cash imprest system to meet small cash needs.
- g. Reconciliation between company records and bank statements.

Petty Cash

Petty cash is cash that is used to make payments for routine expenses of a company and company agency with a relatively small amount. Cash funds are always needed as one of the company's operational funds, for example: buying stationery, stamps, parakeet fees, and so on.

From the above definition, it can be concluded that petty cash is the amount of money used to make relatively small payments. The purposes of petty cash are:

- a. To pay for small expenses
- b. To pay for sudden transactions
- c. For payment purposes that are small and impractical when paid by check
- d. To assist the smooth running of the leadership activities in carrying out their duties

The need for spending in small amounts, the entity may not do it by check. To meet the need for cash disbursements in small amounts, the entity establishes a petty cash fund. The amount of petty cash funds is adjusted to the needs of the entity. The greater the need, the greater the amount of petty cash. But for organizations with small sizes and not much expenditure, the value of petty cash formed is also small (Dwi Martani, 2012: 182).

Accountancy

According to James M. Reeve, et al (2009:9) accounting can be interpreted as an information system that provides reports for economic activities and company conditions. According to Dwi Martini (2012:4) accounting plays a role in the entity because accounting is the language of business (business language). Accounting produces information that describes the financial performance of the entity in a certain period and the financial condition of the entity at a certain date.

According to Rudianto (2012:4) accounting is an information system that produces financial information for parties who carry out economic activities and company interests. According to Rizal Efendi (2013:1) accounting is the identification, measurement, recording, classification, and reporting of financial information in the measure of manometer (money) in decision making.

Based on several understandings according to the experts above, it is concluded that accounting goes through several stages, namely recognition, measurement, recording and reporting on accounting data so that it becomes useful information for parties to analyze and make the right decisions for the company.

In the accounting treatment there are several processes in petty cash transactions. Here's the explanation

a. Petty Cash Confession

The use of petty cash occurs during the initial formation and at the time of replenishment of petty cash, at the time of initial formation the company sets a certain nominal amount for petty cash.

In accounting there are two widely used accounting bases, including:

1) Cash Base

In cash-based accounting, income and expenses are reported in the income statement in the period cash is received or issued (James M. Reeve, 2009: 113). Based on this explanation, the cash basis is an accounting basis that recognizes the effects of transactions and other events when cash or cash equivalents are received or paid which are used for the recognition of revenues, expenditures and financing.

2) Accrual Base

In accrual-based accounting, revenue is recorded in the income statement in the period in which the revenue is generated. For example, revenue is reported when services are

rendered to customers. Cash that has or has not been received from customers during that period (James M. Reeve, 2009:112). Based on this explanation, the accrual basis is an accounting basis that recognizes the effects of transactions and other events when those transactions and events occur regardless of when cash or cash equivalents are received or paid.

Framework

The previous framework of thought is all research activities, from planning, implementation to completion of a unified whole. This framework aims for researchers to be detailed and directed. Here's an overview:

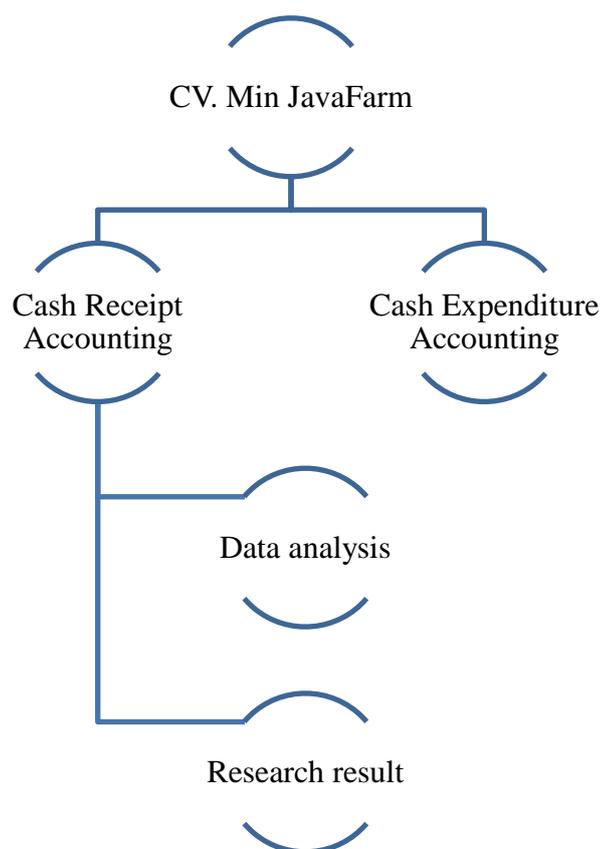


Figure 1. Thinking Framework

RESEARCH METHODS

Types and Sources of Data

Data collection is very closely related to data sources, because through this data collection, data will be obtained that will be needed for further data analysis as expected related to this matter, so in this study the authors used the following data:

a) Primary data

Primary data is data obtained directly from original sources, data obtained from interviews. Primary data specifically obtained by direct interviews with the CV. Min Java Farm.

b) Secondary Data

In this study, secondary data was used, including organizational structure, related supporting documents, manuals that were directly related to the research title.

Data analysis method

Data analysis is the process of systematically searching and compiling data obtained from interviews, field notes, and documentation, by organizing data into categories, breaking down into units, synthesizing, compiling into patterns, choosing which ones are important and which ones are learned, and draw conclusions so that they are easily understood by themselves and others.

To achieve the research objectives, the data to be collected will be analyzed by qualitative analysis, namely an analysis that is not based on statistical calculations in the form of numbers, by comparing theory with facts that occur in the CV. Min Java Farm.

RESULTS AND DISCUSSION

Petty Cash Management System CV Min Java Farm

Petty cash management on CV Min Java Farm is quite good and safe, because the parties authorize the payment, the party that manages and records it, the user, and the payer. The segregation of duties has been adjusted to the needs of the company. In large entities the separation of duties is carried out in separate units, but in small entities the separation cannot be done ideally. There must be checks from other parties so that funds are not misused.

Petty cash management can be carried out according to the following procedures:

1. The establishment of a petty cash fund is recorded by debiting a petty cash account
2. The disbursement of the petty cash fund is recorded by crediting the petty cash account, so each balance of this account fluctuates
3. The petty cash fund is replenished according to the amount needed, and is recorded by debiting the petty cash fund account. In this system, the petty cash fund account balance fluctuates from time to time

Petty cash fund system on CV. Min Java Farm can be seen as follows:

1. Related Sections

Parts related to the system of formation and disbursement of petty cash CV. Min Java is:

- a) Petty cash holder Section-Petty cash holder in CV. Min Java is the Admin on the CV
- b) The part that requires cash financing is responsible for the use of petty cash funds by making proof of petty cash disbursements.

2. Documents Used

- a) Request for disbursement of cash-made by the user of petty cash as proof of request for disbursement of petty cash
- b) Proof of cash disbursement - made by the user of petty cash funds based on supporting documents in the form of checks / receipts
- c) Proof of cash out-created by petty cash users to account for the use of petty cash
- d) Checks-made by management to establish and replenish petty cash funds based on evidence of cash outflows

3. Accounting Records Used

Accounting records used in recording petty cash funds in CV. Min Java Farm is a FluctuationFund System record-keeping. In this recording system the nominal amount of petty cash funds is not set but the amount is adjusted to the needs of the company. In the changing fund method, petty cash users are recorded in a formal journal so that the petty cash book is used as the basis for recording the general ledger function.

The petty cash fund is not determined with a fixed amount, so the substitute for petty cash does not have to be the same as what has been issued. Therefore, in this method there is no need to make an adjusting entry to the petty cash account balance at the end of the period.

Accounting records used in the petty cash fund system include (Mulyadi, 2016: 445):

3.	There are 2 methods related to petty cash, namely the Fluctuation method and the fixed fund method	The company uses the Fluctuation method or the funds change as needed	In accordance with accounting theory (PSAK No. 2)
4.	In the fluctuation method, each transaction uses cash small one by one.	The cashier immediately records if there is a petty cash disbursement	In accordance with accounting theory (PSAK No. 2)
5.	The amount and time of filling the petty cash fund is determined according to the company's needs	The amount and time of filling the petty cash fund is determined	In accordance with accounting theory (PSAK No. 2)
6.	Every petty cash payment must be accompanied by a slip or proof	The company provides a slip or proof of petty cash disbursements	In accordance with accounting theory (PSAK No. 2)
7.	The formation of a petty cash fund of Rp. 10,000,000.00,- is recorded in the journal: Petty Cash Rp. 10,000,000.00,- Cash Rp. 10,000,000.00,-	The company establishes a petty cash fund of Rp. 10,000,000.00,- recorded in the journal: Petty cash of Rp. 10,000,000.00,- Cash of Rp. 10,000,000.00,-	In accordance with accounting theory (PSAK No. 2)

Based on table 1, it can be seen that the application of petty cash funds using the changing fund system method in the company, as a whole, is in accordance with PSAK No.2. By applying the method of changing funds to petty cash, CV Min Java Farm can neutralize the misuse or misappropriation of petty cash funds, and facilitate replenishment of petty cash funds according to company needs.

Petty cash fund handling small and frequent expenses is a potential that invites abuse of authority, to carry out internal control over the use of petty cash funds CV Min Java Farm can include evidence that the expenditure of funds is in accordance with the company's needs.

CONCLUSIONS AND SUGGESTION

Conclusion

Based on the results of the research conducted and based on the theoretical basis of the literature study, it can be concluded that according to the formulation of the problem "Petty Cash Accounting (Petty Cash) in CV. Min Java Farm as follows:

1. Petty cash fund management system on CV. Min Java Farm using the method of changing the fund system is going quite well. This can be seen from modern information systems. In addition, the transaction process for disbursing petty cash funds, using petty cash funds, and replenishing petty cash funds has been carried out well
2. That the petty cash fund established by a special company is prepared to pay for expenses that are small and impractical if paid using a check, and expenses or payments for petty cash funds are recorded or journalized after the money is issued.

Suggestion

Based on the conclusions obtained, several suggestions are proposed as follows:

1. With regard to the method used in managing petty cash in the company using the cash fund method changed which is in accordance with accounting theory, it should be maintained.
2. Teamwork in the cash disbursement system supported by adequate applications allows the company's activities to run smoothly. This cohesiveness can be maintained and its performance improved to a better level

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