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Identify The Sections of a Classified Statement of Financial Position

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Abstract.

The era of globalization which is followed by the development of information technology that changes very quickly has affected business activities. This change will affect the company's policy in the field of asset and liability management. If there is no adjustment to the environment, the company concerned will lose in the current era of increasingly fierce competition. To be superior in the business world, resources are needed that are able to compete. With the superiority of its resources, a company will be able to formulate the function of collecting and distributing company funds through management (asset and liability management). The purpose of this research are to help users know the form of the statement of financial position and the components that make up the statement of financial position. In short, the statement of financial position can be interpreted as a summary of the condition of assets, liabilities, and equity of a business or company. Under certain conditions, statements of financial position are also often referred to as balance sheets. The accounting information provided by the American Accounting Association (AAA) is as follows: Accountingis the process of identifying, measuring and communicating economic information to permit informed judgment and decision by user of the information. Financial accounting is a series of processes that will produce information, namely financial statements that will be used by interested parties. Through the literature study method, the author explains the statement of financial position and the components that make up the statement of financial position

Keywords : Statement of financial position, asset, liabilities, equity.

1. INTRODUCTION

The central theme of asset and liability management (ALMA) is the sustainable management of all bank/company to going concern, The central theme of asset and liability management (ALMA) is the sustainable management of all bank/company balance sheets, with a view to ensuring the right balance between fund mobilization and disbursement with respect to maturity, cost and yield profiles as well as risk exposure, so as to increase profitability, ensure adequate liquidity, manage risk and ensure long-term viability. Assets, liabilities and equity can be more easily understood with the basic accounting equation (Safira et al., 2020). The following is an explanation quoting from the website of the Ministry of Education and Culture (Kemendikbud). The basic accounting equation is a change in assets, liabilities and equity or assets, debt and capital, which is due to a transaction.
The form of the basic accounting equation is as follows:

$$\boxed{\text{Assets} = \text{Liability} + \text{Equity or Assets} = \text{Liability} + \text{Equity.}}$$

This paper reviews the description and discussion of the statement of financial position and the identification of the components contained in the report.

2. LITERATURE REVIEW

Statement of financial position is a report prepared to assist companies in predicting the amount, timing and uncertainty of future cash flows. Because, this report provides information about the nature and amount of investment in company resources, liabilities to creditors, and equity on net resources (Kieso, Weygandt, & Warfield (2017). There are three general groups of items included in the statement of financial position, namely assets, liabilities, and equity.

Assets are resources controlled by the company as a result of past events and from which future economic benefits are expected to flow to the company. Company assets come from transactions or other events that occurred in the past. Companies usually acquire assets through expenditures in the form of purchases or own production. However, the absence of the relevant expenditure does not exclude an item or service from meeting the definition of an asset, for example goods or services that have been donated to a company can be considered an asset.

Liabilities are present obligations of the enterprise arising from past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits from the enterprise (Daulay et al., 2020). Liabilities arise from past transactions or events. Thus, for example, the purchase of goods or the use of services gives rise to trade payables (unless paid in advance or at the time of delivery and receipt of a bank loan creates an obligation to repay the loan.

Equity is the residual interest in the company's assets after deducting all liabilities. The amount of equity shown in the statement of financial position depends on the measurement of assets and liabilities. Usually it is simply a matter of chance that the aggregate equity amount equals the aggregate market value of the company's shares.

There are three stages of the asset and liability management (ALMA) approach. According to Sinkey (in Riyadi, 2016), namely:
a) Phase I (General), namely the general stages in managing and classifying bank or company assets and liabilities.
b) Phase II (Speciffi), at this stage the grouping is more specific and detailed both in terms of assets, liabilities and capital,
c) Phase III (Balance Sheet generates the income and expense)
In this stage, it has begun to be detailed again compared to the previous stages, which is finally to see the ability of the bank or company to generate profits.

According to Parmujianto (2017) asset and liability management is a series of actions and procedures designed to control financial position.
In addition, the main purpose of accounting is to provide financial information.

3. METHODS

The approach used in this study is through a collection of previous literature and examples to illustrate the form of the statement of financial position.

The purpose of this journal are to help users know the form of the statement of financial position and the components that make up the statement of financial position.

Thera are the components that make up the statement of financial position :

1. Assets
   Assets are resources controlled by the enterprise as a result of past events and

from which future economic benefits are expected to flow to the entity.

Asset posts are divided into two sub-classifications, namely :

a. Current assets

Current assets are cash and other assets that the company expects to turn into cash, sell, or consume within one year or in the operating cycle (the average time between the acquisition and receipt of cash) whichever is longer (Nobanee et al., 2021). Generally, if a company expects to convert assets into cash or use them to pay short-term liabilities within one year of the operating cycle, whichever is longer, the company classifies the asset as a current asset.

Examples of current assets are cash and cash equivalents, inventories, accounts receivable, prepaid expenses, short-term investments.

b. Non-Current Assets

Non-current assets are assets that do not meet the definition of current assets. Examples of non-current assets : long-term investments (bonds, common stock, long-term notes), fixed assets (buildings, land, equipment), intangible assets (goodwill, patents, copyrights, trademarks), other assets.

2. Liabilities

Liabilities are present obligations of the enterprise arising from past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits from the enterprise.

Post liabilities are divided into two subclassifications, namely :

a. Short-term liabilities (Current Liabilities)

Short-term liabilities are obligations that are generally expected by the company to be settled within the normal operating cycle or one year, whichever is longer.

Examples of short-term liabilities, namely payables resulting from the acquisition of goods and services (trade payables, salaries payable, taxes payable), prepayments for delivery of goods or performance of services (unearned rental income), other liabilities whose settlement is ongoing. in one year.

b. Long-Term Liabilities

Long-term liabilities are liabilities that the company will not normally liquidate in more than one year or the normal operating cycle.

Examples of long-term liabilities, namely bonds payable, notes payable, pension obligations, deferred income statement liabilities.

3. Equity

Equity is the residual interest in the company's assets after deducting all liabilities. Components of equity:

a. Share capital, including common stock and preferred stock.
b. Share premium, the difference between the paid-up amount and the par value or stated value.
c. Retained earnings, namely profits that are not shared by the company.
d. Accumulated other comprehensive income.
e. Treasury shares, the number of ordinary shares repurchased
f. Non-controlling interest, part of the equity of the subsidiary that is not owned by the reporting company.

The form of the statement of financial position of a company is not determined by IFRS regarding the order or format. Thus, in its preparation, some companies present assets first, then present equity, and then liabilities. In general, companies use the account form or report form to present information on the statement of financial position.

An example of an account form from a statement of financial position:

PT…………..

Statement of Financial Position

………………

	Assets		
Current Assets :			
Cash		RpXXXX	
Account Receivable		Rp XXXX	
Supplies		Rp XXXX	
Prepaid Insurance		Rp XXXX	
Total Current Assets			**Rp XXXX**
Fixed Assets :			
Land		Rp XXXX	
Building	Rp XXXX		
Less : Accumulated Depreciation - Office Building	(RpXXXX)	Rp XXXX	
Office Equipment	Rp XXXX		
Less : Accumulated Depreciation - Office Equipment	(Rp XXXX)	Rp XXXX	
Total Fixed Assets			**Rp XXXX**
Total Assets			**Rp XXXX**
	Equity and Liabilities		
Equity			
Share Capital - Ordinary		Rp XXXX	
Retained Earnings		Rp XXXX	
Total Equity			**Rp XXXX**
Liabilities			
Current Liabilities :			
Account Payable	Rp XXXX		
Notes Payable	Rp XXXX		
Unearned Service Revenue	Rp XXXX		
Salaries and Wages Payable	Rp XXXX		
Interest Payable	Rp XXXX		
Total Current Liabilities		Rp XXXX	
Long-Term Liabilities :			
Bank Loan	Rp XXXX		
Bonds Payable	Rp XXXX		
Total Long–Term Liabilities		Rp XXXX	
Total Liabilities			**Rp XXXX**
Total Equity and Liabilities			**Rp XXXX**

4. RESULT AND DISCUSSION

4.1 Result

The following is a statement of financial position from PT STAR for the month ended July 31st which will identify the constituent components.

PT STAR Statement of Financial Position For the Month Ended July 31			
Assets			
Current Assets :			
Cash		Rp 20.000.000	
Account Receivable		Rp 15.000.000	
Supplies		Rp 6.500.000	
Prepaid Insurance		Rp 11.000.000	
Total Current Assets			**Rp 52.500.000**
Fixed Assets :			
Land		Rp 20.000.000	
Building	Rp 36.000.000		
Less : Accumulated Depreciation - Office Building	(Rp12.900.000)	Rp 23.100.000	
Office Equipment	Rp 6.000.000		
Less : Accumulated Depreciation - Office Equipment	(Rp 700.000)	Rp 5.300.000	
Total Fixed Assets			**Rp 48.400.000**
Total Assets			**Rp 100.900.000**
Equity and Liabilities			
Equity			
Share Capital - Ordinary		Rp 43.500.000	
Retained Earnings		Rp 11.900.000	
Total Equity			**Rp 55.400.000**
Liabilities			
Current Liabilities :			
Account Payable	Rp 7 .000.000		
Notes Payable	Rp 5.500.000		
Unearned Service Revenue	Rp 3.000.000		
Salaries and Wages Payable	Rp 4.500.000		
Interest Payable	Rp 2.500.000		
Total Current Liabilities		Rp 22.500.000	
Long-Term Liabilities :			
Bank Loan	Rp 15.000.000		
Bonds Payable	Rp 8.000.000		
Total Long–Term Liabilities		Rp 23.000.000	

Total Liabilities	**Rp 45.500.000**
Total Equity and Liabilities	**Rp 100.900.000**

4.2 Discussion

From the statement of financial position of PT STAR, we can identify the components that make up the statement of financial position. There are three main components, namely asset, equity and liability.

1. Post asset
   There are :
   a. Current Asset
      Current assets in the report consist of cash, receivables, equipment, and prepaid insurance.
   b. Fixed Asset
      Fixed Assets in the report consist of land, buildings, and equipment.
2. Post Equity
   Equity in the report consists of share capital-ordinary and retained earnings.
3. Post Liabilities :
   a. Current Liabilities
      Current liabilities in the report consist of accounts payable, notes payable, unearned service revenue, salaries and wages payable, and interest payable.
   b. Long-term Liabilities
      Long-term liabilities in the report consist of bank loans and bonds payable.

b. Non-current Assets

Liabilities posts are divided into two subclassifications, namely :

a. Short-term Liabilities (Current Liabilities)
b. Long-term Liabilitie

Equity posts components, namely:

a. Share capital
b. Share premium
c. Retained earnings
d. Accumulated other comprehensive income.
e. Treasury shares
f. Non-controlling interest

Companies use the account form or report form to present information on the statement

By providing information about PT STAR's assets, liabilities, and equity, this statement of financial position provides a basis for calculating the rate of return and can help calculate the company's capital structure. This statement of financial position will also help analysts to assess liquidity (the amount of time expected to convert assets into cash), solvency (the company's ability to meet its maturing obligations), and financial flexibility.

5. CONCLUTION

Statement of financial position is a report prepared to assist companies in predicting the amount, timing and uncertainty of future cash flows. Because, this report provides information about the nature and amount of investment in company resources, liabilities to creditors, and equity on net resources (Kieso, Weygandt, & Warfield (2017). There are three general groups of items included in the statement of financial position, namely assets, liabilities, and equity.

Asset posts are divided into two sub-classifications, namely :

a. Current Assets

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