

# Analysis of Revenue Receipt and Methods for Recording Service Income

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## ABSTRACT

This research uses a combined method of observation and interviews to analyze income receipts and methods for recording service income at PT. Auto Jaya Tekno during the 2016-2018 period. Observations were carried out directly on the research object by participating in interactions in the PT's natural environment. Auto Jaya Tekno. Interviews were conducted with operational division area managers related to the research to obtain in-depth information regarding the revenue receipt process and methods for recording service revenue. Data collection instruments involve interview and observation guidelines, as well as special formats in tables and forms. Data analysis uses descriptive techniques, utilizing the results of interviews and observations. Data is constructed to provide an in-depth understanding of the problem being studied; then, the results are compared with relevant theories. The research results show that PT. Auto Jaya Tekno has successfully implemented the SOP for recording income and costs with consistency using the accrual basis method in accordance with PSAK No. 23. Using the Limax system provides the advantage of automatic and simultaneous recording of transactions. The company also continues to implement a credit sales policy by paying attention to the risk of bad debts. Thus, this research provides an in-depth overview of revenue receipts and methods of recording service revenue at PT—Auto Jaya Tekno, which can be a foundation for companies for efficient and accountable financial management

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## 1. INTRODUCTION

Accounting is a scientific discipline that focuses on the activities of processing and presenting financial information of an organization, which certain parties will use. According to Charles T. Horgren and Walter T. Harrison (2013) and Lubis et al (2020), "Accounting is a system for measuring business activities, processing information into reports, and communicating the findings to report makers". The information produced by financial reports will be very useful for users of financial reports if the information is relevant and useful for decision-making (Ariesta, 2013; Drama, 2014; MuArifin et al., 2021). The information presented in financial reports provides information, notes, or a good picture of past conditions. One of the financial report information that can show a company's performance is the income report (Hasibuan, 2023; Khodijah, n.d.; Riesmiyantiningtias & Siagian, 2020).

Revenue is defined as the sale of goods and the rendering of services and is measured by charges charged to customers, clients, or lessees for goods and services provided to them (Arfah, 2017; Napitupulu & Yusuf, 2021; Sinaga & Linawati, 2023). Meanwhile, according to Kieso, Warfield, and Weygant (2011), "The definition of income is the inflow of assets and settlement of other profit-generating obligations that form the company's main or core operations that are sustainable during a period." A transaction must qualify as having a financial impact, which is usually in the form of cash flow, both current and future. Based on the time of recording transactions, in accounting, there are two methods of accounting recording, namely cash basis and accrual basis (Bahri, 2020; Savitri, 2016).

PT. Auto Jaya Tekno is a company in the field of body and repair services, which was founded on April 28 2013. Since then until now there have been many insurance partners who have collaborated, such as Multi Arta Guna Insurance, Sampo Insurance, Mustika Pratikara Mandiri Insurance, Raksa Insurance, Kresna Insurance, Ramayana Insurance, KB Insurance, Pan Pacific Insurance, Sinar Mas Insurance, Bank Central Asia General Insurance. Apart from collaborating with insurance, AJT also collaborates with Authorized workshops that provide repair work orders to other workshops. Some of the authorized workshops that collaborate are Honda Tren Alam Sutera (PT. Parama Sutera Autotren), Honda Trimegah BSD (PT. Trimegah Auto Plaza) and Suzuki Sejahtera Buana Trada.

Indonesia, as the second largest car manufacturing center in Southeast Asia, has extraordinary potential in the automotive industry. This sector continues to grow and triggers the lifestyle of a person or family to have a 2-wheeled or 4-wheeled vehicle as their means of transportation. As car sales growth in Indonesia increases at around 6-8% per year, accidents are a common problem that occurs in this country with a population of more than 250 million people. This also influences the growth of body repair workshops. Where PT. Auto Jaya Tekno itself has been a body repair company since April 28 2013. On the other hand, the development of body repair workshops still needs to be considered adequate in Indonesia; one example is the poor quality of these workshops. This is not only about the quality of service but also the quality of the products and tools used. For example, using materials that do not stick well (such as base coat prime) is actually not effective, but most body repair garages in Indonesia still use this method.

Looking at the number of workshop workers, workers from Indonesia still need training to produce professional painters or chassis masters. Creating training and bringing car paint manufacturers together with painters will be a solution; this continuous training will improve their skills to get the best service results. Even so, repair workshops are still a promising and fast-growing industry. Through AutoPro Indonesia 2017, all major players in this sector can use this event as a platform to develop their business network and create innovation through leading brands in the market today. According to Lia Indriasari, President Director of Nine Events as exhibition organizer of AutoPro Indonesia 2017, through this activity, all parties in the auto aftermarket industry and supporting industries will be connected and have the opportunity to meet potential business partners. "This exhibition will be used as a means for Insurance Groups and workshops that have the potential to become their partners to meet each other and look for business opportunities and the latest products that can help their business".

Vehicle insurance itself is insurance that guarantees that risks that may occur in a vehicle are transferred to the insurance company. There are types of insurance protection in the comprehensive and total loss only (TLO) categories, namely coverage for compensation or repair costs for partial or total loss or damage to the vehicle due to falling objects, fire, malicious acts, theft, confiscation, collision, impact or other accidents. Usually, to increase sales volume, the company (workshop) carries out a credit sales policy, which means increasing the amount of receivables. The larger sales volume will increase the company's profits. However, you need to remember that the greater the amount of trade receivables, the risk of uncollectible receivables, which is the burden of losses on receivables. Especially in the body and repair services business sector, which prioritizes income from credit sales (receivables) to vehicle insurance or other repair shop partners. Receivables represent income that will be received in the future arising from current or past transactions.

Some documents must be completed in billing insurance that must be completed. This is unlike collecting receivables from trading companies, where you only need to send purchase orders, travel documents, invoices, and tax invoices. When collecting receivables from insurance or authorized repair shop partners, you must be more complete in accordance with the provisions of the cooperation agreement (PKS) as well as the authority given by insurance to the repair shop. The greater the authority that insurance gives to the repair shop, the stricter the billing procedures that insurance provides. To reduce fraud committed by workshops against the trust given by insurance. Suppose there are deficiencies in the billing file; the insurance company will not agree to pay the receivables. In that case, the bill will be returned, or payment will continue with the consequence of reducing the value of the bill. Then there was an incident where the receivables were billed differently from the price agreement that had been mutually agreed upon (a mistake on the part of the company), and the treatment in this incident was that the insurance company returned the bill to the company to fix the bill in accordance with the initial price agreement.

The requirements for collecting receivables from insurance include complete claim documents (Claim Form, active STNK, active driving license, active policy, insured's ID card contained in the insurance policy), photos of damage (long distance photos, close up photos and photos of the car frame/engine), photos repair or replacement (epoxy photo or trailer photo), photo of completion of repair, billing documents (Tax et al., Statement of Satisfaction, Salvage Receipt and Insurance Approval Sheet). So good cooperation, managerial or internal control must be implemented well in companies in the body and repair services sector because if there are deficiencies in the billing requirements, it will affect the company's income, which results in the collection of receivables from insurance or other partners needing to be in accordance with what was received in payment of the receivables. Moreover, it causes the company to experience losses because it has paid for paint usage, mechanical payments, and tax payments that have been incurred.

## **2. RESEARCH METHOD**

This research uses a combined method of observation and interviews to analyze income receipts and methods for recording service income at PT. Auto Jaya Tekno for the 2016-2018 period. Observations were carried out directly on the research object, namely analysis of income receipts and methods for recording service income. Observations were carried out by participating in interactions in the natural environment of PT. Auto Jaya Tekno (Sugiyono, 2016).

Interviews as a form of meeting between two people to exchange information and ideas through questions and answers, were conducted with the area manager of the operational division related to this research at PT. Auto Jaya Tekno. Interviews provide an opportunity to obtain relevant and in-depth information regarding the process of receiving income and methods of recording service income.

The data collection instruments used involve tools such as interview and observation guides. The recording process is carried out by recording data displayed in writing without interpretation, including regarding income and other relevant aspects interview and observation format at PT. Auto Jaya Tekno is arranged in special tables and forms. Data analysis uses descriptive analysis techniques, which involve interviews and observation. The results obtained are presented, and compared with existing theory, then conclusions are drawn regarding the analysis of income receipts and methods for recording service income at PT. Auto Jaya Tekno. Data is constructed to provide an in-depth understanding of the problem being studied (Yusuf, 2014).

## **3. RESULTS AND DISCUSSIONS**

Since the founding of PT, Auto Jaya Tekno, Standard Operating Procedures (SOP) for recording income and costs have been well structured. This includes creating an application format for recording overall income and expenditure transactions. This research focuses on the method of recording income at PT. Auto Jaya Tekno and compare the recording methods applied from 2016 to 2018. This company uses the Limax system in carrying out its transactions, and this program has been an integral part of the founding of PT. Auto Jaya Tekno made the recording method from 2016

to 2018 consistent. This company, which operates in the field of vehicle body repair services, has two types of income, namely cash and credit, which come from sales of services and spare parts.

In general, the initial process of recording transactions begins when the Service Advisor makes a price estimate in a vehicle repair sales order. If the transaction recorded is cash income without sales of spare parts, financial recording is carried out when the car has been repaired and is about to be picked up, recorded in a journal. If a sales order is closed and a tax invoice is created, there will automatically be a journal entry. Next, there is a reverse journal entry. If the sales order includes the sale of spare parts, the customer must pay a minimum Down Payment (DP) of 30%, and the remainder is paid when the car is repaired. The process of paying down payments and paying off repairs is also recorded in a journal.

If there is a sales order for repairs to an insured vehicle, the Service Advisor creates a sales order according to the insurance request. The insured must pay Own Risk (OR), and the remainder is paid by insurance. The journal entry is made when the car is finished, and the OR payment is made by the insured. The remaining repairs are made into a receivable from insurance, and when the receivable bill is converted into an invoice, the record is recorded in the journal. Own Risk money received is recorded in a reverse journal. Payment of receivables by insurance is also recorded in the journal. The process of recording income, both cash and credit, for sales of services and spare parts at PT. Auto Jaya Tekno has been going on consistently since the company was founded until now.

Recognition and measurement of income from sales of services at PT. Auto Jaya Tekno generally adopts the accrual basis method, which means the company records income when the transaction occurs, even though payment has yet to be received completely in cash. The principle applied refers to the realized principle, which means the company will recognize income once the amount has been realized or will definitely be realized. The sales transaction recognition process occurs when payment is made in several stages.

1. Income Recognition during Payment Stage I. This stage involves payment of Own Risk by the insured in accordance with insurance provisions or payment of a Down Payment (DP) from personal sales orders for the purchase of spare parts.
2. Revenue Recognition at Stage II Payment. This stage occurs when the service work has been completely completed, and an invoice has been issued and billed to the client. When a sales order is closed, and a tax invoice is created, a journal entry will automatically occur. Next, a reverse journal entry is carried out.
3. Revenue Recognition during Payment Stage III. This stage occurs after the work has been completed and an invoice has been issued to insurance, meeting all the specified conditions. If the billing document contains a discrepancy with the insurance provisions, this can cause a discrepancy between the receivables paid and the bill, potentially causing losses for the workshop.

Because PT. Auto Jaya Tekno uses the Limax system, where every transaction is connected to the invoice system. So, transactions for sales orders for insured vehicles for receivables, income, PPH 23 for service income, and output VAT to be paid have been recorded automatically.

From the results of data processing carried out by the author, there is a total income originating from providing services and selling spare parts during the period January to December 2016 of Rp. 7,377,125,365. Likewise, the processed data for the period January to December 2017 shows the total income of IDR. 7,654,724,732. In the period January to December 2018, the data that has been processed shows a total income of Rp. 5,315,415,485. PT. Auto Jaya Tekno Income in 2016 reached Rp. 7,377,125,365, consisting of sales of services amounting to Rp. 6,251,920,181 and spare parts sales amounting to Rp. 1.125.205.184. Income comes from various sources, including Sinarmas Insurance, which contributed Rp. 2,744,814,270 with details of service income of Rp. 2,744,147,950 and spare parts income Rp. 666,320. The phenomenon of a significant increase in income occurred in June, reaching Rp. 785,148,435, due to the high claim ratio ahead of Eid al-Fitr 1437 Hijriyah.

Furthermore, PT. Auto Jaya Tekno in 2017 reached Rp. 7,654,724,732, consisting of sales of services amounting to Rp. 6,579,487,409 and spare parts sales amounting to Rp. 1,075,237,323. Income comes from various sources, including Trimegah's authorized workshop partners, who

contributed Rp. 2,539,160,000 with a service income of Rp. 2,539,160,000. Even though there was a decline in spare parts sales, total service revenue increased by IDR. 327,567,228. The phenomenon of the highest increase in income occurred in February, reaching Rp. 831.015.092. PT. Auto Jaya Tekno Income in 2018 reached Rp. 5,315,415,485, consisting of sales of services amounting to Rp. 4,084,249,589 and spare parts sales amounting to Rp. 1,231,165,896. Income comes from various sources, including Trimegah's authorized workshop partners, who contributed Rp—1,171,723,273 from service income. There was a drastic decrease in total service income compared to 2017, amounting to Rp. 2,495,237,819. However, sales of spare parts increased by Rp. 155,918,572. The phenomenon of the highest increase in income occurred in January, reaching Rp. 602,703,964.

PT. Auto Jaya Tekno uses an accurate-based income recording system. This recording records transactions as they occur, even if there has been no cash receipt. Revenue is recorded when a sale occurs, even if payment has not been received. Credit sales policies are implemented to increase sales volume, but they can cause the risk of bad debts. Increased accounts receivable can contribute to increased profits, but the risk of bad debts must also be considered (Ir Agus Zainul Arifin, 2018; Prihadi, 2019).

In the body repair and repair services business, collecting receivables from insurance or partners can be complex. The success of billing depends on the accuracy of the billing file. Deficiencies or discrepancies in files can result in rejection or inappropriate payments, potentially causing losses to the company. Thus, close monitoring of the receivables collection process is crucial to reduce the risk of loss. From the results of interviews conducted by the author, the author obtained information that PT. Auto Jaya Tekno earns income from cash sales for work on vehicles without insurance and credit sales for work on insured vehicles or vehicles belonging to other workshops that are worked on at PT workshops. Auto Jaya Tekno. Where the income comes from sales of vehicle repair services and sales of vehicle spare parts, when there is a vehicle that needs spare parts replaced, if the vehicle is not insured, then the sale of the spare parts is paid in cash when the vehicle is completed.

Moreover, some insurance companies ask for spare parts to be supplied by workshops so that the sales of spare parts are carried out on credit. Likewise, with income from sales of services, if it is a private vehicle without insurance, it will be paid in full when the car is finished. In contrast, if the vehicle is insured or a vehicle belonging to another repair shop, it will be used as a receivable or credit sale. For the recording system itself, the Limax program is used. With the basic accrual recording method, every transaction is recorded first as history—no waiting for the money to come in first before it is recorded like cash basic. Moreover, several journals have been journalized automatically using the Limax system.

As well as for the recognition of sales and income itself, as previously explained, with the Limax program, several journals have been recorded automatically, including income. Revenue is also recorded automatically or recognized when services have been performed or spare parts have been installed and can be closed and an invoice or bill created. Revenue Receipts in service companies, according to PSAK number 23, state that revenue is the gross inflow of economic benefits arising from the entity's normal activities during the period if the inflow results in an increase in equity that does not come from investor contributions. In other words, income, according to PSAK 23, consists of sales of goods sales of services, as well as interest, royalties, and dividends.

Income measurement, according to PSAK No. 23 (Revised 2015), states that income must be measured at the fair value of the consideration received or to be received. The further explanation put forward is the amount of income arising from a transaction by agreement between the company and the buyer or user of the service. The amount is measured at the fair value of the consideration received or to be received less the amount of business discounts and rebates permitted by the entity. Based on the results of the research conducted, it was recording income at PT. Auto Jaya Tekno has been adapted to the principles contained in PSAK No. 23. The recording uses the accrual basis method. However, some recordings are carried out automatically, and some are not carried out according to procedures.

This is illustrated by data that compares revenue recognition according to PSAK No. 23 and PT. Auto Jaya Tekno. Meanwhile, similar findings can be found in previous research, such as that

conducted by Ronandita (2015) at PT. Ryan Mandiri Travel Pontianak. In her research, Ronandita found that the company had yet to fully implement PSAK No. 23 due to a lack of understanding of these standards. Mokoginta (2019) also presents similar conclusions in her research, the company is considered not fully compliant with PSAK No. 23 due to irregularities in recording income at the end of the year, which resulted in the financial statements not reflecting actual income. Likewise, Rinawati (2017) examined the recognition and measurement of income in travel service agency companies. Through qualitative descriptive methods, the research results show that income is recognized when payment is received, and the company has adopted the principles of PSAK No. 23. Thus, the conclusion that can be drawn is that PT. Auto Jaya Tekno has followed the principles of revenue recognition and measurement stipulated in PSAK No. 23, in line with findings in previous research.

#### 4. CONCLUSION

PT. Auto Jaya Tekno has succeeded in implementing well-structured SOPs for recording income and costs. Despite experiencing fluctuations in income, the company is consistent in adopting the accrual basis principle in accordance with PSAK No. 23. Thus, the systematicity and consistency of PT's income recording. Auto Jaya Tekno provides a strong foundation for efficient and accountable financial management. The use of the Limax system, which applies the accrual basis method, provides the advantage of recording income automatically and at the same time as transactions. In addition, the company continues to implement a credit sales policy to increase sales volume, although it must pay attention to the risk of bad debts.

Income recognition method at PT. Auto Jaya Tekno adopts an accrual basis, where income is recorded when a transaction occurs, even though payment has yet to be received in full. The recognition process consists of three stages: Own Risk payment, completion of service work by issuing an invoice, and payment by insurance. The entire revenue recording process is integrated into the Limax system, which ensures automatic and consistent recording.

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