SERVICE REVENUE RECOGNITION ANALYSIS IN THE CONSTRUCTION OF FINANCIAL STATEMENTS AT PT MULTIPANEL INTERMITRA MANDIRI

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***Abstract** -This study aims to determine how the recognition of construction service revenue in the context of presenting financial statements applied by PT Multipanel Intermitra Mandiri. This research uses descriptive research with a qualitative approach because this research analyzes more data or documents and without statistical tools. This study uses a computer tool. The software used is Microsoft Word and Microsoft Excel. Meanwhile, the data used are secondary data.The results of this study, PT Multipanel Intermitra Mandiri has many projects that are completed within 1 (one year) period. The company may use the percentage of completion method and acknowledge its income by using the percentage of completion method, namely recognizing revenue and gross profit based on the construction process. To calculate the progress of the work of PT Multipanel Intermitra Mandiri using a physical approach, which is the calculation based on the project completion process. Measurement of income made by PT Multipanel Intermitra Mandiri uses the fair value of the contract price, in this case the value of the work contract.*

Keywords: Income Recognition, Construction Contracts

***Abstrak** -Penelitian ini bertujuan untuk mengetahui bagaimana pengakuan pendapatan jasa konstruksi dalam rangka penyajian laporan keuangan yang diterapkan PT Multipanel Intermitra Mandiri.Penelitian ini menggunakan jenis penelitian deskriptif dengan pendekatan kualitatif karena penelitian ini lebih banyak menganalisis data-data atau dokumen –dokumen dan tanpa alat bantu statistik, penelitian ini menggunakan alat bantu berupak computer. Software yang digunakan adalah Microsoft Word dan Microsoft Excel. Sedangan data yang digunakan adalah data Sekunder.Hasil dari penelitian ini, PT Multipanel Intermitra Mandiri memiliki banyak proyek yang selesai dalam rentan 1 (satu tahun) perusahaan bisa saja menggunakan metode persentase penyelesaian dan mengakui pendapatanya dengan menggunakan metode persentase penyelesaian yaitu mengakui pendapatan dan laba kotor berdasarkan proses konstruksi. Untuk menghitung kearah kemajuan pekerjaan PT Multipanel Intermitra Mandiri menggunakan Pendekatan Fisik (physical progress) yaitu perhitungan di dasarkan pada proses penyelesaian proyek. Pengukuran pendapatan yang dilakukan oleh PT Multipanel Intermitra Mandiri menggunakan nilai wajar atas harga kesepakatan dalam hal ini adalah nilai kontrak kerja.*

Kata Kunci: Pengakuan Pendapatan, Kontrak Konstruksi

I. Introduction

The building and construction sector is one of the strongest sectors that support economic growth in Indonesia, a study conducted by the Central Bureau of Statistics (BPS) shows that the construction sector is in the third position as the main source of economic growth in Indonesia. The construction sector is developing rapidly so that the Indonesian economy in 2017 grew by 5.0% and GDP was 10.38% higher than the previous year. Total construction projects in Indonesia in 2018, excluding the oil and gas sector, are estimated to reach IDR 451,337 billion (USD 32.2 billion) in 2018, 65% in civilian areas and 35% in the construction sector. In addition, the overall construction sector in Indonesia continues to grow 7-8% per year, driven by energy and residential projects and infrastructure investment in various cities in Indonesia. This has resulted in high demand for the construction industry

Recognition of income is also an important issue, this is due to the work of the contractor or the project that is being carried out has a varying completion period. There are projects that are completed in a period of one year (short term) and some are completed in a period of more than one year (long term). In the completion of a project undertaken under that contract, the date when the contract commences and the completion date falls on different accounting periods. This creates problems in recognizing and measuring income because very often financial statements have to be made but the work is not finished, besides that it is necessary to estimate some of the income recognized as income for the current yearErrors in recognition and measurement of income will result in variable profit and loss calculations and this can lead to errors in decision making for users of the company's financial statements.

Things that affect revenue recognition are seen from the selling price, changes in selling prices aim to adjust so that the new price set reflects the current cost or future cost return desired by the company, the reaction of competitors, and so on (Supriyono: 2011). The determination of the selling price of the company's products must be a policy that is considered carefully and integratedly (Rudianto: 2013). The decision in determining the right selling price greatly affects the targets set by the company in an effort to increase profitability and can affect the company's survival. The determination of the selling price is carried out continuously and is always evaluated and adjusted to the conditions currently being faced by the company. Revenue is the result of selling goods and services that are charged to subscribers or those who receive it (Sofyan Syafri Harahap: 2011). Income is one of the elements in material financial statements. The term income includes both income and profits defined in the framework for preparing and presenting financial statements. Greuning, et al. (2013: 289-290) argues that the definition of income is as follows "IAS 8 defines income as an inflow of economic benefits derived from normal business activities. Income is defined as the gross inflow of economic benefits during the period, arising from the normal course of business and resulting in increases in equity which are clearly not from contributions of owners of equity. " Meanwhile, according to Lam and Lau (2014: 317), the definition of revenue is “revenue or (revenue) is the gross inflow of economic benefits during the current period that appears in a series of ordinary activities of an entity when inflows are generated in addition to capital other than those related to equity holder contributions. "

Revenue recognition according to the Indonesian Accounting Association (2015: 34 Paragraph 23) in a fixed price contract, the result of a construction contract can be estimated reliably if all of the following conditions are met, first the total contract revenue can be measured reliably. Both it is probable that the economic benefits associated with the contract will flow to the entity. Third, both the contract costs to complete the contract and the contract completion stage at the end of the reporting period can be measured reliably and the four contract costs that can be attributed to the contract can be clearly identified and measured reliably so that the actual contract costs can be compared with previous entities. The references for recognizing long-term construction contract revenue include the completed contract method and the percentage of completion method. In the completed contract method, revenue and gross profit are recognized only when the contract is concluded. The percentage completion method recognizes cost revenue and gross profit as progress is made towards completion of the long-term contract and does not wait for the contract to be completed. The amount of revenue is recognized based on a certain size and the progress of contract completion (Kieso 2014: 522). This method is used for long-term projects where the implementation time is more than one period.

Revenue from construction services must be calculated accurately and must be ascertained in accordance with PSAK 34 regarding construction services. According to the Financial

Accounting Statement SFAS No. 34, if the outcome of a construction contract can be estimated reliably, contract revenue and contract costs related to construction contracts must be recognized as income and expenses, respectively, with due regard to the stage of completion of contract activity at the balance sheet date. If it is probable that the total contract costs will exceed the total contract revenue, the estimated loss will be recognized immediately as an expense.The amount of the loss is determined regardless of whether the contract work has been or has not been performed, the stage of completion of contract activity or the estimated amount of profit to be earned on other contracts not treated as a single construction project (DSAK IAI, 2014).

Purpose of PSAK No. 34 is to describe the accounting treatment of income and costs associated with construction contracts. Due to the nature of the activities performed on construction contracts, the date on which the activity on the contract begins and the date when the activity is completed usually falls in different accounting periods. Therefore, the main issue of construction contract accounting is the allocation of contract revenue and contract costs in the period in which the construction work is carried out. This Standard uses the recognition criteria set out in the framework for preparing and presenting financial statements to determine when the revenues and costs of a construction contract are recognized as income and expenses in the comparative statement of income.

Formulation of the problem of how to recognize revenue using the percentage of completion method after a project inspection. How is the application of revenue recognition using the percentage of completion method in order to present the financial statements of PT Multipanel Intermitra Mandiri. The aim of this research is to find out the total revenue using the percentage of completion method after inspection of the PT Multipanel Intermitra Mandiri project, to determine the application of revenue recognition using the percentage of completion method in in order to present the financial statements of PT Multipanel Intermitra Mandiri

II. THEORETICAL BASIS

Definition of Financial Statements

Financial reports are the result of an accounting process that can be used as a tool to communicate financial data or company activities to interested parties. The parties with an interest in the financial position and development of the company are divided into two, namely internal parties such as company management and employees,and the second is external parties of the company such as shareholders, investors, creditors, government and society, so it can be concluded that financial reports are an information tool that connects the company with interested parties which shows information on the company's financial health and company performance (Herry, 2015: 19-20)

The purpose of financial statements is to provide information about the financial position, financial performance and cash flows of an entity that is useful for most users of financial statements in making economic decisions. The financial statements also show the results of the management's responsibility for the use of the resources entrusted to them. In order to achieve this objective, the financial statements present information about the entity which includes assets, liabilities, equity, income and expenses including gains and losses. Contribution and distribution to owners in their capacity as owner and cash flow (DSAK IAI, 2015: 07)

Definition of Income

Income is the main objective of the establishment of a company, as a profit-oriented organization, income has a very large role. Income is an important factor in the operation of a company because revenue will affect the level of profit expected to ensure the survival of the company. According to Kartikahadi, et al. (2012: 186), income is an increase in economic benefits during an accounting period in the form of income or addition of assets or a decrease in liabilities which results in an increase in equity that does not come from an investment contribution.According to Kieso (2011: 955) defines "income is the gross inflow of economic benefits arising from the normal activities of the entity during a period, if the inflow results in an increase in equity that does not come from an investment contribution". According to International Accounting Standard (IAS) 18 regarding income, "Revenue is the gross inflow of economic benefits during the period arising in the course of the ordinary activities of an entity when those inflows result in increases in equity, other than increases relating to constributions from equity participants ", which means that income is the total gross inflow of economic benefits in a period that has an impact on increasing capital and comes from routine activities other than investment activities.According to Sodikin and Riyono (2014: 37) "Income income is an increase in economic benefits during the reporting period in the form of inflows or an increase in assets, or a decrease in liabilities that results in an increase in equity that does not come from investment contributions. Income includes revenue (revenue) and profit (gain). Income is income that arises in carrying out the usual activities of an entity and is known by different names such as sales, compensation, interest, dividends, royalties, and rent. According to Kieso (2011: 955) defines "income is the gross inflow of economic benefits that arises from the normal activities of the entity during a period, if the inflow results in an increase in equity that does not result from an investment contribution ". According to International Accounting Standard (IAS) 18 regarding income, "Revenue is the gross inflow of economic benefits during the period arising in the course of the ordinary activities of an entity when those inflows result in increases in equity, other than increases relating to constributions from equity participants ", which means that income is the total gross inflow of economic benefits in a period that has an impact on increasing capital and comes from routine activities other than investment activities.

According to Suwardjono (2014: 354), from several definitions, characteristics can be found that form the meaning of income and profit. What forms the definition of income are:

1. An inflow or increase in assets.
2. Activities that represent continuous main or central operations.
3. Repayment, reduction or reduction of obligations.
4. An entity.
5. Products of the company.
6. Exchange of products.
7. Bears several names or takes several forms.
8. Resulted in an increase in equity.

According to NandakumarAnkarath et al, the translation of Priyono Darmawan (2012: 20) income is: "The increase in economic benefits during the accounting period in the form of cash inflows or an increase in assets or a decrease in liabilities that causes an increase in equity, other than those related to contributions from equity participation". According to L.M.Samryn (2011: 41) conceptually income can be defined as "an inflow of assets or debt reduction obtained from the delivery of goods or services to customers". The revenue recognition principle states that: "Income is recognized in the period in which it is earned or accumulated". According to Slamet Sugiri Sodikin and Bogat Agus Riyono (2012: 37) expense is "A decrease in economic benefits during a reporting period in the form of cash outflows or a decrease in assets, or an occurrence of liabilities that results in a decrease in equity that is not related to distribution to investment. ".

Sources of Income

The source of income is an element that must be considered, errors in determining the source and type of income that are not quite right can affect the amount of income to be obtained and is closely related to the problem of measuring the income. Statement of Financial Accounting Standards (2015: 23.1) divides income into three types, namely:

1. Sale of goods, including goods produced by the entity for sale and goods purchased for resale.

2. Sales of services, concerning the implementation of tasks that have been contractually agreed to be carried out over a period of time.

3. Revenue-generating use of the entity's assets

4. Interest, namely charging to use cash or cash equivalent or the amount owed to the entity

a) Royalties, namely to use the entity's long-term assets, such as patents, trademarks, copyrights and computer software.

b) Dividends, namely the distribution of profits to equity investment holders with a proportion of their ownership of certain capital groups.

Evidence of revenue recognition

In general, revenues and profits are recognized throughout the operating stage, namely during the period they are received, produced, sold and collected. This principle regulates that the charging of fees must be carried out in the period of recognition of the results. Results will be recognized in the period according to the yield recognition principle and a fee will be charged accordingly. Accounting for this cost includes two stages, namely:

1. Cost is capitalized as an asset which is an asset that stores a number of services and profits.

2. Each asset is written off and charged as a cost to assess the portion of the asset that will be charged to generate income during a certain period.

Income Recognition

PSAK No. 34 (2010) also states regarding the recognition of contract revenue and costs that if the outcome of a construction contract can be estimated reliably, contract revenue and contract costs related to the construction contract must be recognized as revenue and expense, respectively, with due regard to the stage At the completion of contract activities at the end of the reporting period, the estimated loss on the construction contract is recognized as an expense immediately. There are 3 main keys that need to be understood from the PSAK statement, namely:

1. Construction income and costs can be recognized if the outcome of the contract can be estimated reliably.

2. Recognition of construction contract revenue and costs takes into account the activity completion stage (in accordance with the contract)

3. If the estimate is higher than the result, it is immediately recognized as an expense or expense.

Percentage of Completion Method. Gross income and profit are recognized annually based on the progress of the construction process, namely the percentage of completion. Construction costs plus gross profit generated to date are accumulated in an inventory account (construction in progress) and accumulated terms in the contra inventory account (bill for construction in progress). The approach method in the percentage of completion method is

a. Physical approach

The physical approach method is an approach method used to determine the percentage of completion for the implementation of a long-term contract based on the physical progress that has been achieved for the work carried out.

b. Cost to cost approach

The cost to cost approach method is determined by comparing the costs that have been incurred with the total costs estimated for the completion of the project.Completed Contract Method Gross revenue and profit are recognized only when the contract is completed. Construction costs are accumulated in an inventory account (construction in progress) and accumulated terms in the inventory contract account (bill for construction in progress). The rationale for using the percentage of completion accounting for is that in most of these contracts the buyer and seller have enforceable rights.).

Percentage of physical completion, the physical approach method is a method used to determine the percentage of completion for the implementation of a long-term contract based on the physical progress that has been achieved on the work that has been carried out. IAI in the Statement of Financial Accounting Standards No.34 (revised 2012) defines a construction contract as a contract specifically negotiated for the construction of an asset that is closely related to each other or is interdependent in terms of design, and the main functions or objectives of the user in the nature of the contract, including:

1. The proportion of contract costs incurred for work performed up to the date of calculation compared with the estimated total contract costs.

2. Survey of work that has been carried out

3. The completion of a physical part of the contract work.

According to the Indonesian Accounting Association (2015: 23.1) "Revenue is recognized when it is probable that future economic benefits will flow to the entity and these benefits will be measured reliably" Revenue recognition for long-term contracts according to the Indonesian Institute of Accountants (2015: 34.5) is if The results of the construction contract can be estimated reliably so that contract revenue and contract costs related to the construction contract are recognized as revenue and expense, respectively, by taking into account the stage of completion of contract activity at the end of the reporting period. The estimated loss on the construction contract is recognized as an expense immediately. In the case of a fixed price contract the result of a construction contract can be estimated reliably if all of these conditions are met:

1. Total contract revenue can be measured reliably.

2. It is probable that the economic benefits associated with the contract will flow to the entity.

3. Both the contract costs to complete the contract and the stage of contract completion at the end of the reporting period can be measured reliably and

4. Contract costs that can be attributed to the contract can be clearly identified and measured reliably so that actual contract costs can be compared with previous estimates.

The concept of cost

Definition of cost

The concept of cost (the concept of cost) and its terminology has developed according to the needs of accounting, economists and technical experts, the following is the definition of cost:

1. In a broad sense

In a broad sense, costs are the costs of economic resources (scarcity) which are measured in currency units that have occurred or are likely to occur in achieving certain objectives (to secure benefits).

a. The value of economic resources that has been sacrificed to achieve certain objectives is a historical cost, namely costs that have occurred in the past.

b. The value of economic resources that have been sacrificed to achieve certain goals is the cost of the future.

2. In a narrow sense

In a narrow sense, costs are part of the cost of goods sacrificed in an effort to earn income. The word cost is used synonymously with the word expense. Expenses can be defined as a measure of the outflow of goods or services that is matched with revenue to determine profit. Expense is a decrease in net assets as a result of the use / use of economic services in making income or tax imposition by government units (Surjadi, 2013: 4-5).

Construction Contract Income

The income contained in a construction contract is called contract revenue. Contract revenue according to PSAK No. 34 of 2015 paragraph 11 consists of:

1. The initial revenue value agreed in the contract.

2. Irregularities in contract work, claims and incentive payments.

Deviation is an instruction given by a customer regarding changes in work life to be carried out under a contract. Deviation can give rise to an increase or decrease in contract revenue if it is probable that the customer will agree to the deviation and the amount of revenue arising from such deviation and the amount of revenue can be measured reliably.

Claims are amounts that the contractor bills to customers or other parties as a replacement for costs not included in the contract value. Claims can arise from delays caused by customers, errors in specifications or designs and differences in deviations in contract work. Claims are entered into revenue when negotiations have reached a final stage so that the customer will likely accept the claim and the number of claims the customer is likely to agree with.

Incentive payments are additional amounts paid to the contractor if the predetermined implementation standards are met or exceeded. Incentive payments are included in contract revenue when the contract is sufficiently enforced that it is probable that they will meet or exceed performance standards and the amount of the incentive payments can be measured reliably.

Contract revenue is measured at the fair value of the consideration received or will be received. Measurement of contract revenue is affected by a variety of uncertainties that depend on the results of future events. Estimates often need to be revised according to the realization and loss of uncertainty that causes an increase or decrease in total contract revenue, namely:

1. The contractor and customer may agree to variations or claims that increase or decrease contract revenue in the period following the period in which the contract was first agreed.

2. The amount of revenue agreed to in a fixed price contract may increase due to cost increase provisions.

3. The amount of revenue may decrease due to penalties arising from the contractor's delay in completing the contract.

4. If in a fixed price contract there is a fixed price per unit of output, the contract revenue increases if the number of units increases.

There are two things that are commonly done in construction contracts, namely:

1. Provision of advances, namely part of the contract value received by the contractor from the employer before the work is carried out, this advance will be calculated (deducted from the remaining payment in proportion to the% of term payment)

2. Retention, namely the amount of term payment that is held by the employer as collateral for the maintenance or repair of the part of the work that has been completed. This retention will be paid back by the employer to the contractor after the construction / work is 100% completed and submitted.

Construction Contract

A construction contract is a promise and some of the consequences of denial or violation and the existence of a law that provides restoration or stipulates an obligation for breaking a promise accompanied by sanctions for its implementation.

a. Broad meaning

An agreement means any agreement that has legal consequences as desired by the parties.

b. Narrow meaning

The agreement is only shown for legal relations in the field of property law.

The Statement of Financial Accounting Standards (PSAK) 34 Revision 10 defines a construction contract as a contract specifically negotiated for the construction of an asset or a combination of assets that are closely related to each other or interdependent in terms of design, technology and function or the main purpose of use. It is concluded that the definition of a construction contract is an agreement made by service users and service providers in carrying out construction work and is subject to sanctions for those who deny the agreement. According to the Construction Services Development Agency (LPJK), the type of construction implementation can be divided into 5 (five) fields, among others (www.lpjk.org, 2014)

1. Architecture, the classification of construction implementation services in the field of architecture includes:

Single and double housing, multi-residential housing, warehousing and industrial buildings, commercial buildings, other non-residential buildings, outdoor sports training facilities, landscaping, building accessories installation work, wall and window glass work, interior work, woodwork, maintenance of buildings / buildings.

2. Electrical, the classification of construction implementation services includes:

All-power electric power plants, power plants with a maximum power of 10 MW / unit, new and renewable energy power plants, high-voltage and extra-high-voltage power transmission networks, telecommunication or telephone transmission networks, medium-voltage distribution networks, power distribution networks low voltage electricity, telecommunication or telephone distribution network, control and instrumentation installations, building and factory electrical installations, other electrical installations.

3. Mechanical, the classification of construction implementation services includes:

Heating installation, air ventilation and air conditioning in buildings, water piping in buildings, gas pipeline installations in buildings, indoor installations, elevator and escalator installations, mining and manufacturing, thermal, pressurized, gas oil, geothermal (engineering work) installations, construction tools transportation and lifting equipment (engineering work), construction of oil, gas and energy piping (engineering work), construction work equipment provider services.

4. Civil, the classification of construction implementation services includes:

Roads, neighborhood roads, railways, airfields and bridge runways, flyovers, tunnels, subways, ports or piers, city drainage, dams, irrigation and drainage, swampy rivers and beaches, dams, dredging and fill, demolition work, land preparation and stripping work, excavation and earth removal work, erection work, foundation work, roof construction work, roofing and watertight work, concreting work, steel construction work, concrete scaffolding work, other special implementation works.

5. Environmental management, classification of construction implementation services, among others: Oil piping, gas piping, clean water and waste water piping, clean water treatment, sewage treatment plants, groundwater drilling, reforestation or greening.

Contract completion stage

The stage of completion of a contract can be determined in a number of ways. An entity uses a method that measures reliably the work performed. Depending on the nature of the contract, these methods include:

1. The proportion of contract costs incurred for work performed up to the date of calculation compared with the estimated total contract costs.

2. Survey of work that has been carried out

3. Completion of a physical part of the contract work

Periodic payments and advances received from customers often do not reflect the stage of settlement. If the completion stage is determined by taking into account current contract costs, only contract costs that reflect the work performed are included in the costs that are not included, for example:

a. Contract costs related to future contractual activities, such as the cost of materials that have been delivered or intended for use in a contract but have not been installed, used or applied during the performance of the contract, unless the materials have been specifically made for the purposes of the contract.

b. Payments paid to sub-contractors as advances for work performed under the sub-contract.During the initial stage of a contract, it often occurs that the outcome of the contract cannot be estimated reliably, although it is possible that the entity will recover the contract costs incurred, therefore contract revenue is recognized only as long as the costs incurred are expected to be recovered because the outcome of the contract cannot be estimated reliably so there is no profit recognized but, even if the outcome of the contract cannot be estimated reliably, it is possible that the total contract costs will exceed the total contract revenue, in this case any excess of the total contract costs to the total contract revenue is recognized immediately as an expense.

Definition of Expense

Cost can be interpreted as an economic sacrifice incurred to obtain goods and services, the term cost is often used in the same meaning as the term cost. According to Kartikahadi, et al. (2012: 188) cost can be interpreted as follows: Expense is a decrease in economic benefits during an accounting period in the form of cash flow or a decrease in assets or an occurrence of liabilities that causes a decrease in equity which does not involve distributions to investors. Sodikin and Riyono (2014: 37) suggest costs as a decrease in economic benefits during a reporting period in the form of outflows or decreases in assets or liabilities that result in a decrease in equity that is not related to distribution to investors. According to the Indonesian Accounting Association (IAI) in Martani (2012: 44) expense is a decrease in economic benefits during one accounting period in the form of outflows or reduced assets or the occurrence of liabilities resulting in a decrease in equity which does not involve distribution to investors. Meanwhile, according to Harahap (2011: 240) defines expenses as a decrease in the amount of recognized liabilities and is valued according to accounting principles received from profit-seeking activities recognized by the company.

Expense Recognition

According to Chairil and Ghozali in Bryan and Hastoni (2013: 175) states that the measurement of expenses can be based on historical cost, replacement cost and cash equivalent. In general, the measurement of expenses uses the historical cost method, which is the measurement of expenses based on the amount of rupiah issued when the goods and services are obtained. The historical cost method is considered better because it is supported by historical evidence about the sacrifices that have been made to get goods and services when they are acquired.

Construction Expense Recognition

According to Prianthara (2010: 158) contract costs include costs that can be attributed to a contract for a period from the date the contract was obtained until the final settlement of the contract. However, costs that are directly related to a contract and incurred in obtaining the contract are also included as part of the contract costs if these costs can be identified separately and can be measured reliably and it is probable that the contract can be obtained. If costs incurred to obtain a contract are recognized as expenses in the period incurred, they are not included in contract costs when the contract is reached in a subsequent period. There are two load elements, namely the load of raw materials and the load of labor. In addition, there are factory overhead expenses which consist of indirect materials, indirect wages, depreciation of factory machinery and equipment and electricity expenses. In the construction contract, there are several company expenses which are divided into contract costs, installation costs, general costs containing the unit price of materials and salaries, and costs for structural and architectural work. In addition there are facilities and infrastructure costs and other costs.

Expenses are recognized when a decrease in future economic benefits related to a decrease in assets or an increase in liabilities has occurred and can be measured reliably, this means that recognition of expenses occurs simultaneously with recognition of increases in liabilities. If economic benefits are expected to arise over several accounting periods and the relationship to income can only be broadly or indirectly determined, expenses are recognized in the income statement on the basis of a rational and systematic allocation procedure.

Measurement and recognition of expenses

Measurement and recognition of expenses are very influential in determining the amount of profit / loss to be recognized by the company, so it requires a measurement method that is appropriate and appropriate in recognizing expenses. In general, the measurement of expenses is carried out using the historical cost method, which is more often used, namely the measurement of expenses based on the amount of rupiah issued when the goods and services are obtained. The historical cost method is considered better because it is supported by historical evidence about the sacrifices that have been made to get goods and services at the time of their acquisition.

Recognition of Construction Income and Expenses

According to the method, the percentage of contract revenue completion is related to the contract costs incurred in reaching the completion stage of that stage, so that the reported revenue, expenses and profits can be distributed according to the completion of the work proportionally. This method provides useful information about the extent of contract activity and performance over a period. Contract income is recognized as income in the income statement in the accounting period in which the work is performed. Contract costs are usually recognized as expenses in the income statement in the accounting period in which the work is carried out (Prianthara, 2010: 160)

1. The company fulfills.

According to Kieso, Weygant, and Warfield (2011: 967) there are 2 different methods for construction service companies to acknowledge their opinions:

2. Percentage of Completion Method where the company recognizes revenue and gross profit in each period based on the progress of the construction.

3. Cost – Recovery Method whereby the company recognizes revenue only to the extent that costs have been incurred, when all costs are recognized, revenue is recognized at that time.

Companies are required to use the Percentage of Completion Method when

The estimated progress of completion, revenue and costs can be estimated reliably and must meet all existing conditions, namely:

1. Total contract revenue can be measured reliably.

2. It is probable that the economic benefits associated with the contract will flow to the company.

3. The contract costs to complete the contract and the contract completion stage at the end of the reporting period can be measured reliably.

4. The contract costs incurred by the contract can be clearly identified and measured reliably so that the contract costs incurred can be compared with previous estimates.

Meanwhile, companies can use the Cost-Recovery Method if:

1. The company cannot fulfill the conditions to use the Percentage Of Completion Method.

2. When there is a danger attached to the contract beyond reason that can become a business risk.

2.3 The Principle of Balancing (Matching Principle)

According to the Economic and Business Dictionary (Hadi and Hastuti, 2015: 369) the matching concept or the concept of loading is a basic concept of accounting, namely bringing together costs with income arising from these costs. Meanwhile, the matching principle is an accounting principle based on the accrual method which is used to determine the amount of expenditure required during the period in which the income is generated. According to Kieso, Weigant, and Warfield (2011: 54) companies recognize expenses not when the company pays employee wages or carries out production activities, but expenses are recognized when the employee's work or products that have been produced contribute to revenue. So the recognition of costs must be connected with the recognition of income, this is done by adjusting expenses with income.

III. RESEARCH METHODS

Research Strategy

This research includes qualitative research using qualitative descriptive methods. Qualitative descriptive is a form of research that is used to investigate, find, describe and explain the quality of an object that cannot be measured or described through a quantitative approach (Lexono, 2013: 183)

Method of collecting data

The data analysis used for this research is qualitative data analysis techniques. Qualitative data analysis seeks to find the relationship and meaning of the data expressed in the form of statements and presented according to the findings (observations) and interviews. The results of the data collection are processed and then analyzed to obtain a broader meaning by interpreting the analyzed data which will then be linked to the existing theories. The processed data is presented in the content of the analysis with explanations then given conclusions so as to answer the problem formulation which exists.

Data and Data Collection Methods

The data analysis used for this research is qualitative data analysis techniques. Qualitative data analysis seeks to find the relationship and meaning of the data expressed in the form of statements and presented in accordance with the findings (observations) and interviews. The results of the data collection are processed and then analyzed to obtain a broader meaning by interpreting the analyzed data which will then be linked to existing theories. The processed data is presented in the content of the analysis with explanations then given conclusions so as to answer the problem formulation which exists.The author uses a qualitative descriptive method in analyzing the data. The data are reviewed then analyzed based on existing theories to provide a true picture. The steps taken in writing this thesis are as follows:

1. Gather information about the general description of the company in the form of a company profile.

2. Collecting data regarding the recognition and measurement of income at PT. Multipanel Intermitra Mandiri, in the form of a balance sheet.

3. Analyzing revenue recognition at PT. The Intermitra Multipanel uses the Percentage Completion method or Completed Contract with the formula:

- Estimated Profit and Loss = Contract Value - Total Estimated Cost

- Percentage of Completions = Costs incurred until this year

  Total Estimated Costs

- Recognized Income = Percentage of Completion x Contract Value - Received income recognized the previous year

- Gross profit recognized = percentage of completion x Estimated profit or loss - Previous year's gross profit.

4. Make conclusions from the results of the analysis.

5. Provide advice to the company if needed.

IV. RESULTS AND DISCUSSION

Analysis of revenue recognition at PT Multipanel Intermitra Mandiri.

Based on the results of interviews conducted by researchers at PT. Multipanel Intermitra Mandiri that PT Multipanel uses the percentage of settlement method by applying the physical method in which revenue and gross profit are recognized in each period based on the progress in its development. There are 3 projects that researchers can calculate when this project occurs in 2017, among them there are projects

1. Petapahan project with the name Customer Marine Industrial Electric PO. Worth Rp. 3,410,000,000 with a payment of 30%, 40% and 30% of the repayment of this project recognizing an income of Rp. 3,100,000,000 with a profit of Rp. 1,057,155,291 during 2017.

2. Petapahan project with the name Customer Venturindo Engineering PO. Worth Rp. 309,806,970 with a payment of 20%, 30%, 40% and 10% of repayment, this project recognizes revenues of Rp. 8,763,464,775 with a profit of Rp. 5,078,308,336 during 2017

3. Project Supply Of Panel Syncro For Dermaga Kencana Indonesia under the name Customer PT Chevron Pacific Indonesia with PO. Worth Rp. 8,763,464,775,000 with a payment of 10%, 90% of this project recognizes revenue of Rp. 281,642,700 with a profit of Rp. 87,765,732 during 2017.

Table 1 Calculation of Construction Income in 2017 (In Rupiah)

No	The project name	Contract Value Including VAT (Rp)	Contract Value Before VAT (IDR)	2017 Physical Progress %	Recognized income (Rp.)
1	Petapahan Project (001/PO-MIM/III/2017 R.1)	3.410.000.000	3.100.000.000	100	3.100.000.000
2	Petapahan (83237 R2WHMNS)	9.639.811.253	8.763.464.775	100	8.763.464.775
3	Proyek Supply of Panel Syncro for Dermaga Kencana Indonesia (002/PO/VE/I/17)	309.806.970	281.642.700	100	281.642.700
	Total	13.359.618.223	12.145.107.475		12.145.107.475

No	Project Name	Recognized Income (Rp)	Current Project Cost (Actual) (Rp)	Gross Construction Profit (Rp)
1	Petapahan Project (001/PO-MIM/III/2017 R.1)	3.100.000.000	2.042.844.709	1.057.155.291
2	Petapahan (83237 R2WHMNS)	8.763.464.775	3.685.156.439	5.078.308.336
3	ProyekSupply of Panel Syncro for Dermaga Kencana Indonesia (002/PO/VE/I/17)	281.642.700	193.876.968	87.765.732
	Total	12.145.107.475	5.921.878.116	6.223.229.359

Table 2 Gross Profit of Construction in 2017 (In Rupiah)

So according to Table 1 and Table 2 it can be explained that the contract value before VAT is the contract value obtained based on the work contract agreement that has been agreed by both parties and the physical progress in 2017 is the result of field work opname determined in the form of a percentage of physical progress. Revenue recognized is a product of the pre-VAT contract value with the percentage of physical progress, current project costs are the actual costs during project implementation for 2017 from the project recorded and collected by the accounting department. Construction gross profit is a calculation of the difference between recognized revenue and current project costs.

Revenue Recognition at Cost to Cost

The percentage of completion is obtained from the comparison of costs incurred during the current period against the estimated total cost or planned expense budget (RAB), applied to the total amount of revenue or all estimated gross profit in the contract, to get the amount of revenue or the amount of gross profit that is recognized now.

Table 3 Calculation of Percentage of Completion in 2017 (In Rupiah)

No	Building Project Name	Contract Value Before VAT (Rp)	Project RAB (Rp)	Current Project Cost (Actual) (Rp)	Completion Percentage %
1	Petapahan Project (001/PO-MIM/III/2017 R.1)	3.100.000.000	2.790.000.000	2.042.844.709	73
2	Petapahan (83237 R2WHMNS)	8.763.464.775	7.887.118.297,50	3.685.156.439	47
3	ProyekSupply of Panel Syncro for Dermaga Kencana Indonesia(002/PO/VE/I/17)	281.642.700	253.478.430	193.876.968	76

Table 4 Calculation of Revenue Recognition for 2017 (in rupiah)

No	Project Name Building	Contract Value Before VAT (Rp)	Percentage of Completion %	Of reported revenue (Rp)
1	Petapahan proyek (001/PO-MIM/III/2017 R.1)	3.100.000.000	73	2.263.000.000
2	Petapahan (83237 R2WHMNS)	8.763.464.775	47	4.118.828.444
3	ProyekSupply of Panel Syncro for Dermaga Kencana Indonesia(002/PO/VE/I/17)	281.642.700	76	214.048.452

No	Name of Project Building	Contract Value Before VAT (Rp)	Recognized income (Rp)	Current Project Cost (Actual) (Rp)	Gross Construction Profit (Rp)
1	Petapahan proyek (001/PO-MIM/III/2017 R.1)	3.100.000.000	2.263.000.000	2.042.844.709	220.155.291
2	Petapahan (83237 R2WHMNS)	8.763.464.775	4.118.828.444	3.685.156.439	433.672.005
3	ProyekSupply of Panel Syncro for Dermaga Kencana Indonesia(002/PO/VE/I/17)	281.642.700	214.048.452	Rp.193.876.968	20.171.484

Table 5 Calculation of Gross Construction Profit for 2017 (in rupiah)

Table 3 Table 4 and Table 4.5 can be explained that the contract value before VAT is the net contract value after deducting VAT and RAB is the estimated cost that will be incurred until the completion of the contract and is determined in advance by the company. Current project costs are the total actual costs that have been incurred for the completion of the project in that period. The percentage of completion is obtained from the comparison of the actual cost with the next project RAB multiplied by one hundred percent. Recognized income is calculated by multiplying the percentage of completion with the project contract value. Meanwhile, gross profit is the difference between recognized revenues and actual costs incurred.

Comparison between physical progress and cost to cost approaches in recognizing current period income and profit.

From the table data above, it can be seen that by using the cost to cost method, the recognized income tends to be lower than using the physical progress approach method. This difference also affects the recognition of the company's gross profit, where using the cost to cost method shows that the recognition of gross profit tends to be lower. The comparison of revenue and gross profit recognition for the period 2012 can be seen in the following table.

Table 6 Recapitulation table comparison of the calculation of income recognition with the physical progress method and the cost to cost approach method.

The project name	Physical Progress (Rp)	Cost to Cost (Rp)	Difference recognized as too high (low) (Rp)
Petapahan proyek (001/PO-MIM/III/2017 R.1)	3.100.000.000	2.263.000.000	837.000.000
Petapahan (83237 R2WHMNS)	8.763.464.775	4.118.828.444	4.644.636.331
ProyekSupply of Panel Syncro for Dermaga Kencana Indonesia(002/PO/VE/I/17)	281.642.700	214.048.452	67.594.248
Total	12.145.107.475	6.595.876.896	5.549.230.579

In table 6 it can be explained that the total revenue recognition using the physical approach for 2017 is Rp. 12,145,107,475 while the total revenue recognized using the cost to cost approach for 2017 was Rp. 6,595,876,896 there was a difference amounting to Rp.5,549,230,579 in the recognition of income.

Table 7 Table of recapitulation of comparisons of Gross Profit calculation method of physical progress and method of cost to cost approach.

The project name	Physical Progress (Rp)	Cost to Cost (Rp)	Difference recognized as too high (low) (Rp)
Petapahan proyek (001/PO-MIM/III/2017 R.1)	1.057.155.291	220.155.291	837.000.000
Petapahan (83237 R2WHMNS)	5.078.308.336	433.672.005	4.644.636.331
ProyekSupply of Panel Syncro for Dermaga Kencana Indonesia (002/PO/VE/I/17)	87.765.732	20.171.484	67.594.248
Total	6.223.229.359	673.998.780	5.549.230.579

Table 7 can be explained that the gross profit recognized using the physical approach is Rp. 6,223,229,359, while the gross profit recognized using the cost to cost method is Rp. 673,998,780. There is a difference in the recognition of gross profit between the physical approach and the cost to cost approach of Rp. 5,549,230,579 gross profit using the physical approach method recognizes that gross profit is higher than the calculation of gross profit using the cost to cost approach.

Application of revenue recognition using the percentage of completion method in the framework of presenting PT Multipanel Intermitra Mandiri's financial statements.

Applying the revenue recognition method based on the percentage of physical completion, then the percentage is multiplied by the contract value and the result is recorded by the company as project revenue. In applying the revenue recognition method, the company uses the actual cost of the project during the project period to be charged as the cost of the project for the period. Furthermore, the income that has been recognized minus the total actual costs to generate construction profit for the period. Based on this, it can be seen that the basis for revenue recognition with the physical completion percentage method performs a percentage assessment based only on the physical progress that has been achieved without taking into account the costs incurred so that in recognizing its income the company does not link the construction costs incurred in reaching the contract completion stage the. The revenue recognition method with the cost to cost approach records the value of revenue (revenue) based on the calculation of the proportion of contract costs issued. This is in accordance with the matching principle which states that costs incurred must be recognized in the same period as revenue as a unit. Thus, construction revenue and gross profit are recognized as more appropriate in order to present fair financial statements that are useful for providing more accurate information in making decisions.

V. CONCLUSIONS AND SUGGESTIONS

Based on the results of analysis and research at PT Multipanel Intermitra Mandiri, the percentage of completion method is based on a physical approach in recognizing its income, where the percentage of completion is assessed based on the estimated physical progress of the work that has been achieved in the field. In its implementation, PT Multipanel is in accordance with PSAK No. 23 (2015: paragraph 21) which recognizes revenue and gross profit based on the progress of construction. It's just that this method has several drawbacks, namely

1. Estimates of completion of physical progress based on field opname do not guarantee the accuracy of the assessment.

2. The amount of revenue recognized is only based on physical progress without considering the amount of costs incurred.

3. Costs incurred cannot be attributed to the completion stage of the project work in recognizing revenue from the current period, which causes the reported construction revenue, expenses and profit not attributable according to the completion of the contract.

There is a significant difference in recognizing income from physical progress and expenses incurred where in the visual approach income and profits are higher, resulting in income and profit being overstatement in the presentation of financial statements and not in accordance with the principle of conservatism in the presentation of financial statements.By using the percentage of completion method in its application of the cost to cost approach, it records the value of revenue based on the calculation of the proportion of contract costs incurred and in accordance with the matching principle which states that costs incurred must be recognized in the same period as revenue as a unit. Thus, construction revenue and gross profit are recognized as more appropriate in order to present fair financial statements that are useful for providing more accurate information in making decisions.

Suggestion

It is better for companies to use the cost-to-cost approach in recognizing revenues and profits for the period because with the cost-to-cost method, the reported income, expenses and construction profits can be attributed according to the completion of contract work proportionally so as to produce a fair presentation of financial statements for the company. And in presenting the financial statements of construction companies, it is better to use the cost to cost approach so that the financial statements look more proportional to the costs incurred and make it easier for investors or creditors to make decisions.

Limitations of Research and Further Research Development

Based on the results of analysis and research at PT Multipanel Intermitra Mandiri, the percentage of completion method is based on a physical approach in recognizing its income, where the percentage of completion is assessed based on the estimated physical progress of the work that has been achieved in the field. In its implementation, PT Multipanel is in accordance with PSAK No. 23 (2015: paragraph 21) which recognizes revenue and gross profit based on the progress of construction. It's just that this method has several drawbacks, namely

1. Estimates of completion of physical progress based on field taking do not guarantee the accuracy of the assessment.

2. The amount of recognized revenue is only based on physical progress without considering the amount of costs incurred.

3. Costs incurred cannot be attributed to the completion stage of the project work in recognizing current period revenue, which results in the reported construction revenue, expenses and profit not attributable according to contract completion proportionally.

There is a significant difference in recognizing physical progress and cost to cost income, where in the physical approach the recognition of revenue and profit is higher, causing income and profit to be overstatement in the presentation of financial statements and not in accordance with the principle of conservatism in the presentation of financial statements. By using the percentage of completion method in its application of the cost to cost approach, it records the value of revenue based on the calculation of the proportion of contract costs incurred and is in accordance with the matching principle which states that costs incurred must be recognized in the same period as revenue as a unit. So that construction income and profit are recognized as more accurate in order to present fair financial statements which are useful for providing more accurate information in making decisions.

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