



Analysis of Cash Flow Operation Methods

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ABSTRACT: The cash flow statement is a report that contains information on the summary of the receipt and the casual expenditure of the realization of the period of one semester or one semester. The statements of cash flows are grouped into three groups, ie cash flows from activities. This study only. Research with only Cash Flow analysis operation is built on Nani.M research (2013) which is the main part of this activity that is in operating activity report Operating cash flow which is activity and activity of main shoe earnings company. Operating cash flow is largely derived from repeated activities conducted by the company on a continuous basis, so that cash flows can already be budgeted earlier. The cash flow calculation technique can use indirect direct method. The main purpose of this research is to In the same way to be able to know the appropriate method to be used in Dr.Dunda District General Hospital Gorontalo. Data from the financial statements, income statements and cash flow Dunda District Gorontalo Hospital period 2012-2015. Data were analyzed using two methods. The results of this study show that the analysis of cash flow operation using direct increase method from 2012 (2,197%), 2013 (4.07%,) and 2014 (14 01 01%) but in 2015 decreased (8.52%) also data presented more and more accurately and more easily understood by users of financial statements. whereas cash flow analysis using indirect method shows fluctuation flows where in 2012 (5.55%), 2013 (1.33%), 2014 (14 , 13%) and 2015 (6.97%), so that by management and investors it is difficult to predict its very small and inaccurate performance due to non data data or method. which greatly affects the flow of operations. method of analysis. methods for using methods.

Keywords: Operating Cash Flow. Direct Methods, Indirect Methods

I. INTRODUCTION

Financial Report is a tool of accountability that can provide information to the users of both internal and external financial reports on various economic activities carried out over a period of time. One of the companies that must present the financial report is Hospital. Hospital both private and government is a unit of work whose main purpose is to provide health services to the general public. In providing medical services to the public, hospitals certainly want to earn profits, but hospitals as a nonprofit organization the rate of acquisition or achievement of profit is not a top priority, but to be able to assess the ability of the hospital to manage the sources of funds obtained from stakeholders so that the hospital must can still manage the sources of funds properly and must be submitted or accountable by the management of the hospital to the stakeholders as providers / funders in the form of financial reports. The parties who invest funds in companies such as creditors and investors are concerned about the company's ability to pay its obligations. One indicator of the ability to pay obligations is liquidity and to assess the company's liquidity is the cash flow shown in the cash flow statement. According to Erhans (2010: 42), the Statement of cash flows is a report containing information about a summary of the cash receipts and disbursements of a business entity that occurs during a period of one month or one semester or one year. Hanafi & Halim (2009: 58) The purpose of the cash flow statement is to provide information on the cash receipts and payments of the company, information on the cash effect of investment activities, funding, and company operations over a certain period. Technique of Preparation of Statement of cash flows According to PSAK No. 45, can use two method that is direct and indirect method. According to PSAK No. 2 of (2009), cash flow statements (revenues and expenses can be grouped into three groups, ie cash flow from operating activities, cash flow from investment activities, and cash flow from financing activities. Dunda

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District Gorontalo This research uses two methods to analyze cash flow Operation Research with only analyzing cash flow operation based on research Nani.M (2013) which reveals that the main difference of both methods in report activity of operation.

II. HEADING

2.1 Financial statements

At the end of the period the company will make a financial statement containing financial information such as total assets, total liabilities, total capital, total revenues and total costs / expenses. According to the Indonesian Institute of Accountants in his book entitled "Financial Accounting Standards", SFAS No. 1 of 2009 that the Complete financial statements usually include balance sheets, income statements, changes in equity statements (presented in various ways eg cash flow or current reports funds), notes and financial statements.

2.2 Definition of Cash Flow Statement

According to Erhans (2010: 42) Statement of cash flows is a report that contains information about a summary of cash receipts and disbursements of a business entity that occurred during one period. Cash flows provide relevant information about the cash receipts and disbursements of an enterprise from a given period, by classifying transactions based on operating, investing and financing activities. According to the Indonesian Institute of Accountants (2002: 5) are cash flows are cash inflows and cash equivalents. Meanwhile, according to Kieso et al (2010: 45) Statement of Cash Flow is a report that provides information.

Hery (2013: 460) defines a cash flow statement reporting the cash inflows as well as the company's cash outflow over the period. This cash flow statement will provide information on the company's ability to generate cash from operating activities, investing, paying off liabilities and paying dividends. Statement of cash flow represents the presentation of cash flow statements from an entity that describes changes in cash and cash equivalents and the equivalent cash coming from operating activities, investing activities and financing activities in a certain period. Based on this understanding can be seen that cash flow is the amount of cash flowing in and out of a company within a certain period. In other words, cash flow is a change that occurs in the amount of cash the company during a certain period.

2.3. Classification of Cash Flow Statements

The statements of cash flows should report cash flows during certain periods and are classified according to Skousen (2009):

1. Operation Activity is the company's principal revenue-producing activities and other activities that are not investment activities and financing activities or the amount of cash flows from operating activities is an indicator that determines whether a company's operations can generate sufficient cash flow to pay off the loan, maintain the operating capability of the company, pay dividends, and make new investments without relying on external funding sources
2. Investment Activities is the acquisition and disposal of long-term assets and other investments that do not include cash equivalents (PSAK No.2 2009)
3. Financing Activities are activities that result in changes in the amount or composition of capital and corporate lending (PSAK No.2009) or cash turnover arising from the granting of loans or working capital loans derived from financial institutions, whether bank or non-bank, sebagai form credit facilities received by the company

2.4 Objectives of the Cash Flow Statement

The purpose of the cash flow statement according to Halim (2007: 90) is to provide information on sources of use, cash changes, and cash equivalents during an accounting period and cash balance including cash equivalents at the reporting date. The purpose of the cash flow statement according to Smith (2009: 212) is to provide relevant information regarding the receipt and payment of a company's cash over a period. The purpose of the cash flow statement according to Khairani (2012: 80) is to provide information to creditors, investors, and other users regarding:

- a. The entity's ability to generate positive net cash flow
- b. The ability of the entity to complete its obligations
- c. Explain the difference between net income associated with cash payments and receipts
- d. Explain the effect of cash transactions and financing transactions, as well as non-cash investments to the financial position of the company.

2.5 The method used in the cash flow statement

Under PSAK No.2 (2009, p.18) there are two methods: direct method and indirect method. Both of these methods are only used in cash flow reporting from operating activities, the two methods are as follows:

2.5.1 Direct Method

The direct method is a re-examination of any post (or account) loss statement with the aim of reporting how much cash is received or incurred in connection with the post. Direct methods are invaluable to investors when predicting future cash flows and future earnings (Orpurt and Zang, 2009). The direct method according to Mardiasmo (2015) as follows. Operating Cash Flow: Customer acceptance, Payment of supplier, Employee payments, interest, taxes. The direct method according to Hery (2013: 467) as follows:

- Cash receipts from operating activities
- Cash receipts from sales xxx
- Cash receipts from dividends xxx
- Cash receipts from interest xxx
- Cash paid to buy merchandise(xxx)
- Cash issued for prepayment costs (xxx)
- Cash paid for salary / wages of employees (xxx)
- Cash paid on loan interest (xxx)
- Cash paid on income tax(xxx)
- Net cash flows generated by operating activities xxx
- OrNet cash flows used in operating activities(xxx)

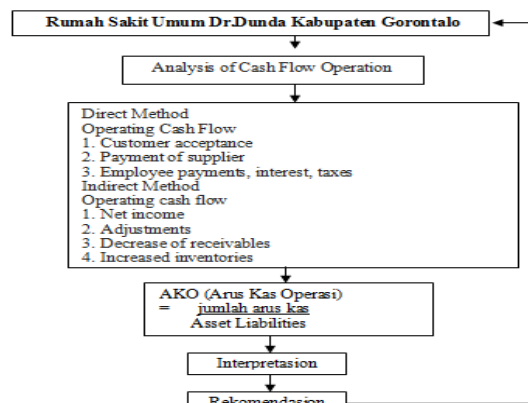
2.5.2 Indirect Method

According to Andre (2015) that the indirect method or also called profit statement method is essentially to reexamine each item (component) income statement with the aim to report how much cash received or paid in relation to each component of the income statement . The indirect method according to Hery (2013: 466) as follows:

- Net income (loss) xxx
- Adjustments to reconcile net income (loss) to net cash flows from operating activities:
- Amortization of bonds investment discount (xxx)
- Amortization of premium bond investments xxx
- Allowance for doubtful accounts xxx
- Depreciation of fixed assets xxx
- Amortization of intangible assets xxx
- Amortization of bond debt discounts xxx
- Amortization of premium bond payable (xxx)
- Gain on sale of fixed assets (xxx)
- Loss on sale of fixed assetsxxx
- Increase in current assets (other than cash)(xxx)
- Decrease in current assets (other than cash)xxx
- Increase in current liabilitiesxxx
- Decrease in current liabilities (xxx)
- Net cash flows generated by operating activitiesxxx

2.6 Research Methods

This research was conducted at Dr.M.M. Dunda District Gorontalo, with the time of study carried out approximately 1 year from May 2016 to May 2017. Type of data used in this study is secondary data that is data in the form of financial statements of general hospital Dr.M.M. Dunda District Gorontalo from 2011-2015. The Research Model uses two methods in analyzing cash flow Operation. The research framework is as follows:



II. Indentations And Equations

Cash is a very important component of assets and greatly affects all transactions that occur because it applies as a medium of exchange in our economy. Cash is involved directly or indirectly in almost all business transactions. Cash also becomes so important because individuals, corporations or even governments must maintain adequate liquidity positions ie they must have sufficient amount of money to repay liabilities at maturity in order for the entity to continue operating. Cash flow can be divided into 3 ie cash flow from operating activities, funding and investment. This study focuses only on operating cash flow. The analysis of operating cash flow statement can use 2 methods namely direct matode and direct tisdak method.

The direct method is a re-examination of any post (or account) loss statement with the aim of reporting how much cash is received or incurred in connection with the post. This method produces useful information in estimating future cash flows that can not be generated by an indirect method. This method is also very easy to understand by the users of financial statements. FASB (1987) discloses that the benefit of reporting using direct method operating cash flows is to show cash receipts and payments for operations. The use of the direct method is very valuable to investors because it can predict operating performance and future earnings better. Subani (2015) who examines the ability to predict cash flows from both direct and indirect methods of predicting future cash flows finds that the cash flows generated from the direct method are more accurate than the cash flows generated from the indirect method.

3.1 Cash Flow Analysis Operation using Direct Method

As shown in table 1. The calculation of operating cash flows using direct method, in 2012 operating cash flow of 2.197%, in 2013 rose by 4.07%, in 2014 increased by 14, 01% and in 2015 fell to 8 , 52%. From these results it appears that operating cash flow has decreased only in 2015. The decline that occurred in 2015 is due to an increase in the amount of cash flow in 2014 from Rp 36,779,040,382 to Rp 38,459,254,741 in 2015 and followed by an increase in the number of liabilities smoothly. It appears also in the data grouping table where almost all of the requested data in the table using the direct method exists, the empty data in the table is the data on cash receipts from dividends, Cash issued for prepayment costs, Cash paid on loan interest and Cash paid on income tax. The absence of data after the confirmation section *keuangandengan Nangsi mother* who explained that

"Cash receipts data from dividend is not there because dividends according to him is the profit that is distributed to the investor and we do not distribute dividends because it manages no investors because the property of the BUMD moreover receive cash from dividends, as well as cash issued for prepaid expenses is not there cash on interest on loans because it is indeed Rs. It is built and run not from borrowing but the regional budget "

3.2 Cash Flow Analysis Operation using the Indirect Method

As shown in table 2. the results of operating cash flow calculation using direct method, in 2012 operating cash flow of 5.55%, in 2013 increased by 1.33%, in 2014 increased by 14, 13% and in 2015 fell to 6.97%. From the results of research it appears that the cash flow generated from year to year fluctuated where in 2012 to 2013 experienced a decrease then from 2013 to 2014 has increased so drastic but in 2015 again decreased. This condition is very much different when compared with the use of direct methods where the decline in operating cash flow only occurs in 2014 to 2015. So when investors want to predict the cash flow performance of future operating cash flows and the resulting earnings will experience difficulties due to cash flow conditions that fluctuate or uncertain. By indirect method which presents data in the form of net income and net cash flows from operations presented in the cash flow statement are not separated will enable the entry of non-cash or non-monetary transaction effects and other events that greatly affect the operating cash flow data such as amortization and depreciation .

3.3 Determination of which method is better used by RS.Umum Dunda

Based on the results of the analysis of the two methods described above it appears that the direct method seen from the analysis where the operating cash flow shows an increase from 2012 to 2014 but in 2015 decreased but this decrease is still significant because accompanied by an increase in the amount of cash flow and current liabilities. While the indirect method of operating cash flow performance fluctuated where from 2012 to 2013 has decreased then in 2014 experienced a very sharp increase later in 2015 again experienced a drastic decline. Then the accuracy of the meode directly is more accurate because the data requested in the use of the direct method is almost entirely present and that is not present only in cash receipts from dividends, Cash issued for upfront costs, Cash paid on loan interest and Cash which paid on income tax. While many indirect methods of data are not found in *Rs.Umum Dunda* financial statements that have been presented primarily in

2012 and 2013 where the data is only data on profit (loss), penurunan value of lancar assets in addition to cash and impairment of lancar. Sehingga the researcher suggests using the direct method because the first consideration of operating cash flows by the direct method can assess the performance of the second operating cash flow can predict earnings in the future as well as more accurate because it can present more valuation data for operating cash flow.

with a study conducted by Diono (2006) that examines the ability to predict cash flows both compiled by direct methods and indirect methods to predict future cash flows find that the cash flow generated from the direct method is more accurate than the cash flow generated from the method indirect. And the theoretical according to FASB No.95 (1987) that profitability reporting by using direct method operating cash flow is very valuable for decision makers and investors because it can predict future operating and earnings performance. The idea is that both direct and indirect methods produce different operating cash flows it is only in practice that the data on indirect methods include non-monetary operating cash flows such as amortization that may affect entity changes to non cash cash flow accounts and the existence of ambiguous operating definitions

IV. Figures and tables

Table 1 The development of Cash Flow operations by using the direct method
RS. GENERAL DUNDA (in percent)

Tahun	Current ratio	Trend	
		Naik	Turun
2012	2,197	-	-
2013	4,068	1,872	-
2014	14,010	9,942	-
2015	8,518	-	5,492

Sumber : Data Hasil Olahan Tahun 2017

Graph 1 Development Of Operating Cash Flow Rs.Umum Dunda

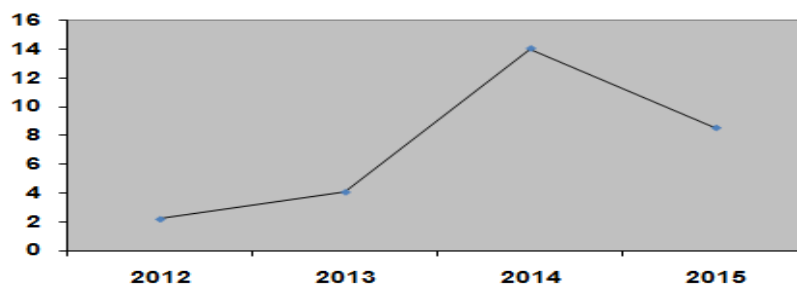
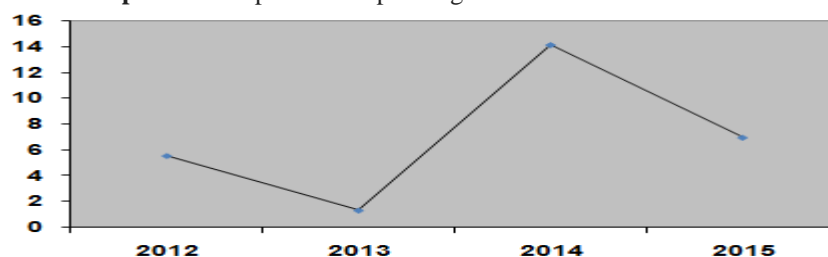


Table 2 The development of Cash Flow operations by using indirect methods RS. GENERAL DUNDA
(in percent)

Tahun	Current ratio	Trend	
		Naik	Turun
2012	2,197	-	-
2013	4,068	1,872	-
2014	14,010	9,942	-
2015	8,518	-	5,492

Sumber : Data Hasil Olahan Tahun

Graph 2 Development of Operating Cash Flow Rs.Umum Dunda



V. Conclusion

Based on the results of research conducted in Rs General DR.M.M Dunda who examines operating cash flow from 2012 until the year 2015 by using direct and indirect method can be concluded that:

1. Viewed from the analysis of cash flow operations using the direct method that operating cash flow from 2012 to 2014 increased and only in 2015 decreased and the data presented more and more accurate and more easily understood by users of financial statements.
2. From cash flow analysis using indirect method that operating cash flows fluctuate so that by the management and investors it is difficult to predict the operating cash flow performance and earnings in the future as well as the data presented is very little and inaccurate. Due to the existence of non-monetary data or non-cash data such as amortization that greatly affects the operating cash flow value.
3. Based on the analysis of the two methods used, the researcher concludes and recommends to use cash flow statement analysis using direct method.

Acknowledgements

Researchers are then expected to conduct research related to non-monetary aspects used in the measurement of operating cash flows by using direct methods so that not only focuses on financial statement data alone and can check operating cash flow by comparing state-owned companies with private companies, focusing on operating cash flow. To that end, the researcher further investigates the cash flows of investment and funding.

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