

IMPLEMENTATION OF CASH FLOW AS A MEASURING TOOL IN PREDICTING FUTURE NET INCOME (CASE STUDY AT KEDAI NYOBIAN 8 DAILY PERIOD SEPTEMBER – OCTOBER 2020)

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Abstract

In Indonesia, MSMEs are protected and have a legal shield such as the Presidential Decree No. 19 of 1998 and several other regulations. Where at this time, many MSME businesses are starting to grow both on a household and large scale, this includes Culinary Business. Culinary businesses are one of the many MSME that are starting to flourish, both on a domestic and big scale, at present moment. This business is in high demand among teenagers and adults. With a limited budget, this business may be launched at home, and it has a potential future. Therefore, the background behind the realization of Kedai Nyobian 8 which is used as a case study of problems that occur in the operational activities of Kedai Nyobian 8. The purpose of this study is to analyze net income in predicting operating cash flows in the future. The research method used is quantitative method. The population in this study is a case study at Kedai Nyobian 8 with a number of samples in the form of financial statements for September for 30 days. While October for 26 days, hence the total sample is 56 observations. The sampling measurement technique is a case study at Kedai Nyobian 8 using Saturated Sample. Therefore, Kedai Nyobian 8 will be more effective and achieve better results in the future by reducing unnecessary costs and anticipating future earnings in cash flow.

Keywords: *Financial Statements, Net Income, Cash Flow.*

1. INTRODUCTION

In Indonesia, MSMEs are protected and have a legal shield such as the Presidential Decree No. 19 of 1998 and several other regulations. Where at this time many MSME businesses are starting to grow both on a household and large scale, this includes Culinary Business. Culinary businesses are one of the many MSME that are starting to flourish, both on a domestic and big scale, at present moment. This business is in high demand among teenagers and adults. With a limited budget, this business may be launched at home, and it has a potential future.

Profitability is the primary objective of any business. A company's profit (also known as income, earnings, or profit) is a financial statement that summarizes the company's operating operations for a given period. A company's profit might shift throughout the year, and this is known as a profit change. Profit changes cannot be detected; hence, profit changes must be predicted (Subramanyam, 2014). In the opinion of Sartono (2010), profitability can be defined as the ratio that describes a company's ability to make profits.

It is possible to see all of the operational activity of the company represented in its

financial statements. In the context of management and stakeholders, financial statements serve as a communication tool. Stakeholders' requirements for financial reports in terms of decision-making and strategy setting can be met by financial reports. In order for a firm to survive, the most important thing that must be maintained is that it does not get into bankruptcy situations. According to Kasmir (2018), financial statements are reports that reveal a company's present financial status or the financial condition of the company over a specific period of time.

Furthermore, Kedai Nyobian 8 currently is struggling to generate profit due to cover the excessive expenditure. According to the findings of Alfandia (2010), gross profit, operating income, net income, and operating cash flow can all be utilized to predict future cash flow. Moreover, there is evidence that cash flow information is better at predicting future cash flows than earnings component information according to research done by Prasetyo (2011) on the ability of gross profit, operating profit, and cash flow in consumer goods companies listed on IDX. Therefore, it is necessary provide an understanding of the MSME actors in Kedai Nyobian 8 in making cash flow reports to obtain more net profit in the future.

Based on the background of the study above, the purpose of this study is to analyze net income in predicting operating cash flows in the future. The urgency in this study is to provide an understanding of the MSME actors in Kedai Nyobian 8 in making cash flow reports as a basis for predicting future net income to provide an overview of the advantages of Kedai Nyobian 8.

2. RESEARCH METHODS

The research method used in this study is a quantitative method, with the objective of testing the hypotheses that have been set (Sugiyono, 2017). Therefore, the reason for choosing this method is because the researcher wants to know the significance of the effect of net income in predicting operating cash flows in the future. So, the author analyzes the effect of net income on predicting operating cash flows in the future.

The population in this research is the Case Study of Kedai Nyobian 8 with a total sample of reports in September for 30 days while in October for 26 days the total sample is 44, so that the number of observations per day is from September and October, with total of 56 days. The sampling measurement technique used a case study at Kedai Nyobian 8. The sampling technique used secondary data, namely the financial statements at Kedai Nyobian 8.

3. RESULTS AND DISCUSSION

Kedai Nyobian 8 Income Data 8 in September 2020

Based on table 1, Kedai Nyobian 8 income in September 2020 shows daily volatility for 1 month for 30 days. But on the other hand, it is stated that the operations carried out based on activities are not appropriate for 30 days because there are operational holidays in September there are 4 x holidays, meaning that for 4 days off operations were carried out, which made profits not optimal, besides that the turnover obtained showed trend tends to show a decline. Judging from the average income in September 2020 of Rp. 226,119, - while the maximum is Rp. 544,000. Meanwhile, the minimum income was obtained due no

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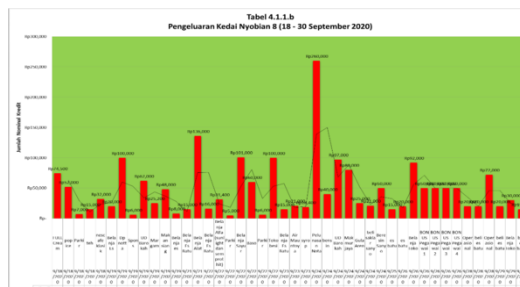
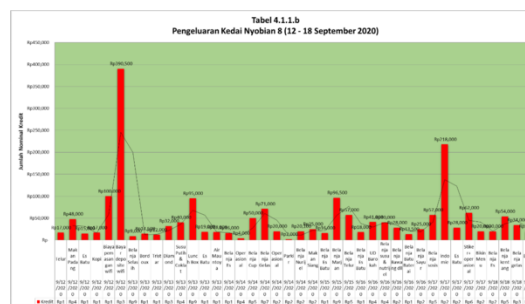
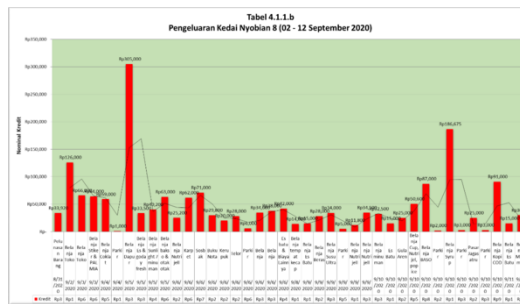
operational activities carried out. As a consequence, there must be a change from the daily trend income that can grow the increase in income obtained so that profits can be generated.

Table 1 Kedai Nyobian 8 Income Data



Expenditure Data of Kedai Nyobian 8 in September 2020

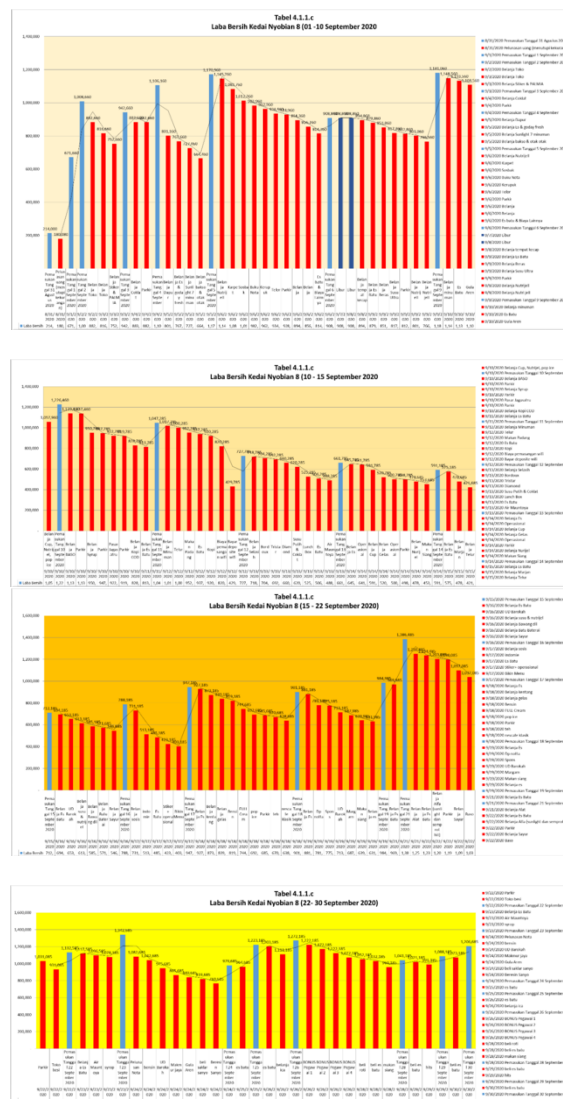
Table 2 Kedai Nyobian 8 Expenditure Data



Based on table 2, the data of Kedai Nyobian 8 expenditure in September 2020 shows daily volatility for 1 month for 30 days. But on the other hand, it is stated that the operations carried out based on activities are not appropriate for 30 days because there are operational holidays in September there are 4 x holidays, meaning that for 4 days off operations were carried out, which made profits not optimal, besides that the turnover obtained showed trend tends to show a decline. Judging from the average expenditure in September 2020 of Rp. 191,899, - while the maximum is Rp. 617,500. Meanwhile, the minimum was obtained due no operational activities are carried out. Thus, as a matter of concern in the future, the trend of expenditure from operational activities is to minimize unnecessary costs incurred in estimating future profits from expenditures that are more efficient and produce maximum output.

Net Income Data of Kedai Nyobian 8

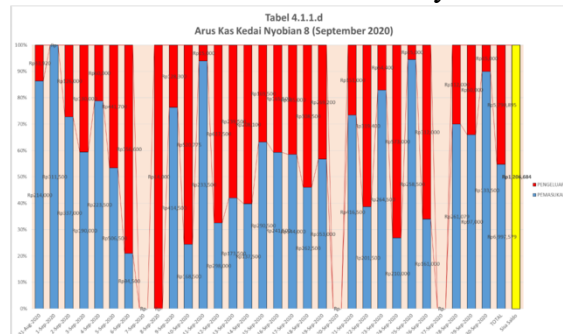
Table 3 Kedai Nyobian 8 Net Income



Based on table 3, Kedai Nyobian 8 Net Income in September 2020 shows daily volatility for 1 month for 30 days. However, it is stated that the operations carried out based on activities are not appropriate for 30 days because there are operational holidays in September there are 4 x holidays, meaning that for 4 days off operations were carried out, so that profits that obtained are not optimal, besides that the turnover obtained showed trend tends to show a decrease in net income earned. Judging from the average of Net Income in September 2020 of Rp. 226,119, - while the maximum is Rp. 544,000. Meanwhile, the minimum Net Income was obtained due no operational activities are carried out. Because of this, there must be a shift in the daily net income trend that can raise the amount of revenue acquired in order to produce profits, and this must follow soon.

Kedai Nyobian 8 Cash Flow Data

Table 4 Cash Flow of Kedai Nyobian 8

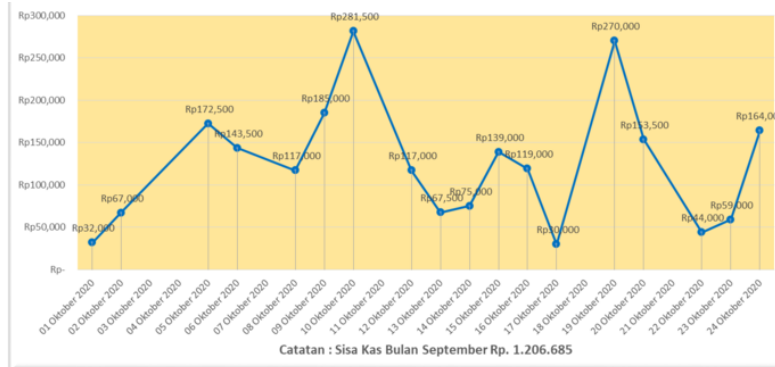


Based on table 4, Kedai Nyobian 8 cash flow in September 2020 shows daily volatility for 1 month for 30 days. But on the other hand, it is stated that the operations carried out based on activities are not appropriate for 30 days because there are operational holidays in September there are 4 x holidays, meaning that for 4 days off operations were carried out, which made profits not optimal, besides that the turnover obtained showed trend tends to show a decrease in cash flow. Judging from the average cash flow in September 2020 of Rp. 191,899, - while the maximum is Rp. 617,500. Meanwhile, the minimum cash flow was obtained due no operational activities are carried out. As a consequence, there must be a change from daily trend expenditures that can grow the increase in cash flow that occurs during September 2020 in the daily trend period, which is due to cash flow caused by the installation and deposit of wifi that is actually not in accordance with existing funds because the cash flow obtained is very minimal and cannot cover the expenses caused by deposits and installation of wifi, hits, buying water pump switches and water pumps installation.

As stated by Jogiyanto Hartono (2017) that defines an asset strategy as a portfolio that provides the maximum expected return with the same level of risk or provides the same expected return with a small level of risk. As a matter of fact, in the future, the trend of expenditure from operational activities should be minimized to anticipate future profits of expenditures to be more efficient and the results are more optimal.

Kedai Nyobian 8 Income Data in October 2020

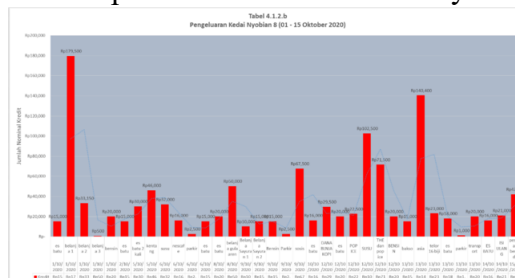
Table 5 Income Data of Kedai Nyobian 8



Based on table 5, Kedai Nyobian 8 income in October 2020 shows daily volatility for 1 month for 30 days. But, on the other hand it is stated that the operations carried out based on activities are not appropriate for 30 days because there are operational holidays in October there are 13 x holidays, meaning that for 13 days of operational off that is done which makes profits not optimal, besides that the turnover obtained shows the trend tends to show a decrease in income in October 2020. Judging from the average income in October 2020, it is Rp. 107,600, - while the maximum is Rp. 281,500, while the minimum income obtained due without operational activities are carried out that resulting the decline sharply due to the absence of income for 13 days. Therefore, there must be a shift from the daily trend income in order to expand the growth in revenue obtained and earn a profit. As according to Weygandt, Kimmel, & Kieso (2019), “when revenues exceed expenses, net income results. When expense exceed revenues, a net loss results”

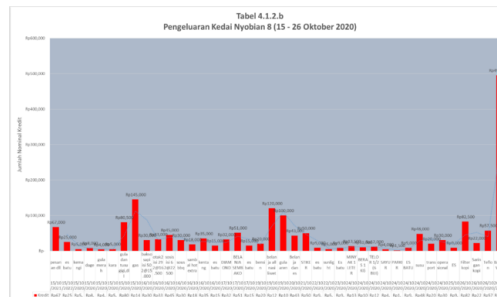
Kedai Nyobian 8 Expenditure Data in October 2020

Table 6 Expenditure Data of Kedai Nyobian 8



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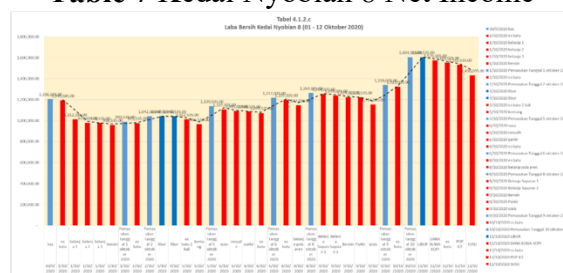
Source: Primary data processed, 2021

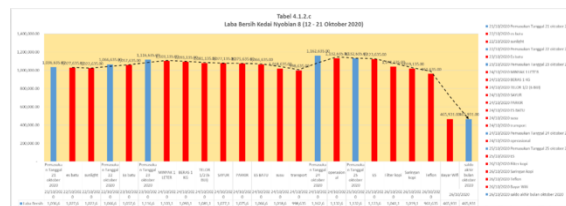
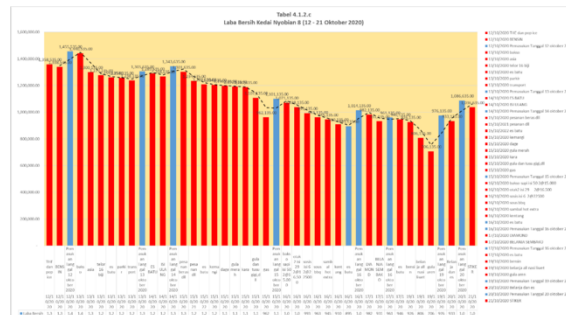
Based on table 6, the expenditures of Kedai Nyobian 8 in October 2020, it can be seen that daily volatility for 1 month for 30 days. However, it is stated that the operating activities carried out based on activities are not appropriate for 30 days due operational holidays in October there are 10 x holidays, which means for 10 off operational days, as a result it makes profits not optimal to obtain, besides that the turnover obtained shows trend tends to show a decline. Judging from the average expenditure in October 2020 of Rp. 96,040, - while the maximum is Rp. 495,704. Meanwhile, the minimum expenditure was obtained due without maximum operational activities carried out for further increase revenue turnover at a cost that is as efficient as possible but still effective in existing income. Consequently, there must be a shift in daily trend expenditures to accommodate the increase in expenditures that occurred during the daily trend period in October 2020, mainly due to expenses caused by wifi payments that are not in accordance with existing funds because the income obtained is so low that it cannot cover expenses caused by wifi payments that are not actually needed to be issued in order to produce optimal profits.

As Hanafi and Halim (2015) point out, the sooner the indicators of bankruptcy are recognized, the better for the company's management because the company may take steps to repair its situation sooner. Parties' creditors and shareholders might make plans to avoid or mitigate a variety of negative outcomes. As a matter of future consideration, the trend of operational spending should avoid superfluous costs invested to predict future profits, so that expenditure is more efficient and results are more ideal.

Kedai Nyobian 8 Net Income Data

Table 7 Kedai Nyobian 8 Net Income



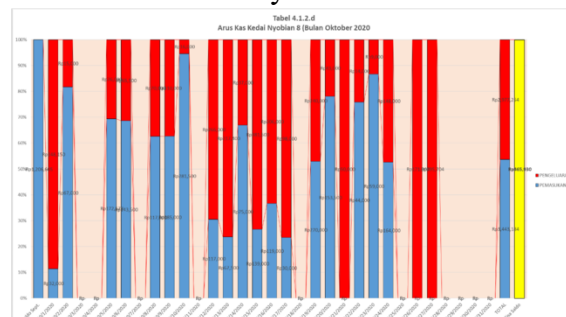


Source: Primary data processed, 2021

Based on table 7, Net Income of Kedai Nyobian 8 in October 2020, it can be seen that daily volatility for 1 month for 30 days. But on the other hand, it is stated that the operations carried out based on activities are not appropriate for 30 days because there are operational holidays in October there are 13 x holidays, meaning that for 13 days of operational off that is done which makes profits not optimal, besides that the turnover obtained shows the trend tends to show a decrease in Net Income in October 2020. Seen from the average Net Income in October 2020 of Rp. 107,600, - while the maximum is Rp. 281,500. While the minimum profit was achieved as a result of no operational operations being carried out, which resulted in a decline, the absence of Net Income for 13 days was responsible for the decline. Because of this, there must be a change from the daily trend Net Income that can grow an increase in the Net Income achieved so that it can produce profits in order for it to generate profits. Moreover, according to the findings of Prayoga (2012) net income, changes in inventory, as well as depreciation and amortization charges, all have a significant impact on future cash flows from operational operations.

Kedai Nyobian 8 Cash Flow Data

Table 8 Kedai Nyobian 8 Cash Flow



Source: Primary data processed, 2021

Based on table 8, Kedai Nyobian 8 cash flow in October 2020 shows daily volatility for 1 month for 30 days. But on the other hand, it is stated that the operating activities carried out based on activities are not appropriate for 30 days because there are operational holidays in October there are 10 x holidays, meaning that for 10 off operational days, it makes profits not optimal, besides that the turnover obtained shows trend tends to show a decrease in cash flow. Judging from the average cash flow in October 2020 of Rp. 96,040, while the maximum is Rp. 495,704, while the minimum result is reached due to the absence of operational operations that would improve cash flow turnover at the most efficient cost possible while maintaining the existing cash flow.

Therefore, there must be a shift from the daily trend cash flow that can grow an increase in cash flow that happened during October 2020 in the daily trend period, especially due to cash flow produced by wifi payments that are not consistent with current funds. The revenue generated is so low that it cannot cover the cash flow created by wifi payments that are not required to create optimal returns. Therefore, as a material for future consideration, the trend in expenditure from operational activities should avoid excessive costs paid in predicting future profits in order to improve cash flow and results.

4. CONCLUSION AND SUGGESTIONS

It has been determined from the conclusions of this study that it is preferable for Kedai Nyobian8 to avoid unnecessary costs in the future so that future profits in cash flow can be anticipated and the company's overall efficiency and performance can be improved.

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