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Presentation of government financial report for studies in Indonesia and Japan

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Abstract
This study aims to analyze the Presentation of Government Financial Statements Case Studies in Indonesia and Japan. The data of this study were obtained through literature or previous published research. The purpose of this study is to better understand the differences in the presentation of financial statements that are applied in Indonesia and Japan. This study uses a case study approach, the data collection technique used in this research is literature review, and with the analytical technique used is descriptive analysis technique. Data analysis is done by collecting, processing and interpreting the data obtained. The results of this study indicate that there are differences in the application of the system in the presentation of financial statements between Indonesia and Japan.

Keywords: Government Financial Report, Financial Statements

1. Introduction
Financial statements are a structured presentation of the financial position and financial performance of an entity. Records of a company's financial information in an accounting period that can be used to describe the company's performance. Likewise in the scope of government finance which is obliged to present financial reports on the funds it receives. The purpose of the statement in PSAK No. 1 is to establish the basis for the presentation of general purpose financial statements, hereinafter referred to as “Financial Statements” so that they can be compared, both with the company's financial statements for the previous period and with the financial statements of other companies. Financial reports within the scope of government are clearly regulated based on legal rules or provisions. The principle of presenting government financial statements is the same as the principles of accounting and accounting financial reporting, the difference is the components and structure of the financial statements.
In the era of very fast globalization with technological advances, capital market activities are also required to be equal in providing the ability to produce information. Accounting is seen as playing a role in producing information, which is useful for both internal and external parties. The purpose of accounting is to provide information that can be used by decision makers to make economic decisions. Accounting provides all activities carried out by companies to facilitate the allocation of centralized sources of funds by users. If the information can be relied on, then the limited resources can be allocated optimally and efficiently. International accounting has a very complex role, where the scope of reporting is multinational companies with cross-border operations and transactions with reporting obligations to reporting users in other countries.
Japan is considering delaying the adoption of a global accounting standard, the International Financial Reporting Standard (IFRS) with the consideration that if the adoption of IFRS is forced on companies listed on the stock exchange, it will disrupt the growth of companies in Japan and will cause a large administrative burden. According to Japan's assistant minister of finance, Shozaburo Jimi, "if Japanese companies are required to implement IFRS, it will take ample time, five to seven years, to prepare". Japan postponed the introduction of mandatory global accounting standards after the initial target date of 2015. The move to adopt international accounting standards is accelerating after being continuously pushed by regulators.
In Japan, in 2009 the Business Accounting Council has proposed that all companies listed on the Japanese stock exchange use IFRS as a reference for preparing their Consolidated Financial Statements for the year ending in 2015 or 2016. Regulators are slated for next year to decide whether a standard change to IFRS will enforced as a mandate (mandatory) for Japan.

2. Literature review
Financial statements
Every company or institution requires a financial report. Financial statements are one of the important sources of information and media used by company managers in the decision-making process to find out information regarding financial position.

Financial statements are records of a company's financial information in an accounting period that can be used to describe the company's performance. These financial statements are part of the financial reporting process. Complete financial statements usually include:

1. Balance
2. Comprehensive income statement
3. Statement of changes in equity
4. Report on changes in financial position that can be presented in the form of a cash flow statement or a statement of fund flows
5. Other notes and reports and explanatory material that are an integral part of the financial statements.

For analysts, financial statements are an important medium for assessing the achievements and economic conditions of a company. And financial statements are also a means of information for analysts in the decision-making process because financial statements can describe the company's financial position, company results, and company cash flows in a certain period. The financial statements consist of:

- The profit/loss report is an overview of revenues and expenses for a certain period. Or it can be said as a report that describes the results received by the company during a certain period and the costs incurred to obtain these results. Results minus costs is profit or loss. If the result is greater than costs, it means profit and vice versa if the result is less than costs, it means loss.
- Owner's Equity Report (report of changes in capital) is a financial report that contains information on changes in the company's capital for a certain period.
- The balance sheet is a report that describes the company's financial position in a certain period. The balance sheet describes the position of assets, liabilities, and capital in a certain period.
- Cash Flow Statement is a financial report that presents the amount of cash in (cash receipts) and the amount of cash out (cash payments) during a certain period.

Presentation of Financial Statements

Presentation of Financial Statements is one of the important stages in an accounting cycle after the process of recognizing and measuring transactions, events, and balances. An entity prepares and presents financial statements as an accountability tool to fulfill the purpose of financial reporting itself, namely providing users with information, especially those related to financial information.

In Indonesia, Financial Accounting Standards or SAK is a guide that is used as the main guideline for the preparation and presentation of financial statements for companies, pension funds and other economic units. So that those who carry out activities in the accounting field are obliged to follow these accounting standards, but these accounting standards are not universal or absolute, adapted to circumstances, time and place. Regarding comparative information, SAK ETAP number 3 paragraph 9 states that information must be disclosed comparatively with the previous period unless otherwise stated by SAK ETAP (including information in financial statements and notes to financial statements). An entity shall include comparative information for narrative and descriptive information when relevant to the understanding of the current period's financial statements

Accounting and financial reporting in Japan reflects a mix of domestic and international influences. Two separate government bodies responsible for accounting regulation and corporate income tax law in Japan have further influence as well. In the first half of the twentieth century, accounting thought reflected German influence; in the second half, ideas from the US were influential. Recently, the influence of the International Accounting Standards Board began to be felt and in 2001 a major change occurred with the formation of a private sector organization as an accounting standard setter. Japanese companies own each other's equity shares, and often jointly own other companies. These interlocking investments resulted in a gigantic conglomeration of industries known as keiretsu.

3. Research methods

This research uses qualitative research with case study method. Moeloeng (2012: 6) states that qualitative research is research that intends to understand the phenomena of what is experienced by research subjects such as behavior, perception, motivation, action, etc., holistically, and by way of description in the form of words. And language, in a special context that is natural and by utilizing various scientific methods. Sugiyono (2010:14) states that qualitative methods are used to obtain in-depth data, namely data that contains meaning. Bungin (2003:19) states that when we conduct detailed research on a person (individual) or a social unit within a certain period of time, we do what is called a case study.

4. Research results and discussion

The development of government financial reports is inseparable from the progress of a country, especially financial management and political conditions. The more advanced a country and adheres to the notion of democracy, the financial statements of the country are almost certain to be good. Vice versa, if the country is still lagging behind, and/or does not adhere to the notion of democracy, the financial statements of the country are also not/not good.

The above conditions can be understood, because a good country and adheres to a democratic understanding must implement the principles of good governance. Some of the principles of good governance include accountability and transparency. The principle of accountability requires the government to be accountable for policies taken to the public, including the implementation of its budget (APBN/APBD). Likewise, the principle of transparency, the government must be able to create public trust through the provision of information and ease of accessing that information. A country is said to implement good governance, especially the principles of accountability and transparency if the country has prepared financial statements in accordance with generally accepted accounting principles.

The history of the Government of Indonesia's financial reporting follows the history of independence and reform in Indonesia. Before Indonesia's independence, the management and accountability of the Dutch East Indies (as Indonesia was called before independence) used the Indische Comptabiliteits Wet (ICW) published by the Dutch government. The ICW provisions were still used in financial management and accountability until 2003. To implement the ICW, the Government issued Government Regulation no. 51 of 1948 which mandated the implementation of accountability for state financial management since 1948. However, due to the absence of information, it was only in 1971 that a law on accountability for state financial management was discovered, namely Law No. 11 of 1971 concerning the Calculation of the 1967 State Budget. Achievement of LKPP audit opinion in 2016 which WTP is the highest achievement of government financial reporting. In addition to receiving a WTP audit opinion for the first time, the accounting basis used is also full accrual which is the best basis (best practices) in financial reporting which has been applied to the Government of Indonesia since 2015. With this achievement, the Indonesian Government's financial reporting has been in line with other countries. -developed countries such as the United States, Britain, Australia, New Zealand and Japan.

Accounting and financial reporting in Japan reflects a mix of domestic and international influences. Two separate government bodies responsible for accounting regulation and corporate income tax law in Japan have further influence. In the first half of the twentieth century, accounting thought reflected the influence of Germany in the second half, ideas from the US were influential. Recently, the influence of the International Accounting Standards Agency body began to be felt and in 2001 a major change occurred with the establishment of a private sector organization as an accounting standard setter.

Japan is a traditional society with strong cultural and religious roots. Group awareness and interdependence in personal and corporate relationships contradicts the normal independent relationship between individuals and groups in western countries. Japanese companies hold each other's equity shares, and often jointly own other companies. These interlocking investments resulted in a gigantic conglomeration of industries known as keiretsu. Banks are often part of this large industrial group.

The widespread use of bank credit and debt capital to finance large corporations is overwhelming from a Western perspective and corporate management is primarily accountable to banks and other financial institutions than to shareholders. The central government also enforces tight control over business activities in Japan, which means strong bureaucratic control over business matters, including accounting. Knowledge of its main business activities is limited to companies and other insiders such as banks and the government. The business capital of this keiretsu is undergoing changes in line with the structural reforms carried out by Japan to overcome or drive economic stagnation that began in the 1990s. The financial crisis that followed Japan's “economic movement” was also caused by a review of the standardization of Japanese financial statements. It is clear that many accounting practices hide how bad companies are in Japan.

A major change in setting accounting standards in Japan occurred in 2001 with the establishment of the Japanese Accounting Standards Board or the Accounting Standards Board of Japan (ASBJ) and a related supervisory agency known as the Financial Accounting Standards Foundation (FASF). ASBJ now has the main responsibility for developing standardization of bookkeeping as well as guidelines for its implementation in Japan. ASBJ has 13 members, three of whom are full members. There is also a full technical staff to support the activity. The FASF is responsible for funding and naming its members. Funding comes from companies and the accounting profession, not the government. As an independent private sector organization, the ASBJ is more robust and transparent than the BAC, and is subject to only a handful of politicians and specialized stocks. ASBJ collaborated with the IASB in developing IFRS and in 2005 launched a joint project with the IASB to eliminate existing differences between IFRS and Japanese bookkeeping standardization. BAC remains the advisor to the FSA on standardization of books and is also responsible for standardizing the audit process. Japanese bookkeeping standardization must not conflict with commercial law. Therefore, the triangulation of standardization of bookkeeping, company laws and tax laws is still a feature of Japanese financial statements.

5. Conclusion

Accounting is a form of financial management and recording that forms the basis for the emergence of government financial reporting standards for interested parties. In government, financial reporting for related parties is known as Government Accounting Standards (SAP). The principles of Government Accounting Standards (SAP) as stated in Government Regulation No. 71 of 2010 set forth eight principles used in accounting and financial reporting. These principles include the basis of accounting, the principle of historical value, the principle of realization, the principle of substance over formal form, the principle of periodicity, the principle of consistency, the principle of full disclosure, and the principle of fair presentation.

The State of Japan uses the accounting standards of the Accounting Standards Board of Japan (ASBJ) and the related supervisory agency known as the Financial Accounting Standards Foundation (FASF). ASBJ now has the main responsibility for developing standardization of bookkeeping as well as guidelines for its implementation in Japan. ASBJ has 13 members, three of whom are full members. There is also a full technical staff to support the activity. The FASF is responsible for funding and naming its members.

The Japanese Institute of Certified Public Accountants (JICPA) is a professional organization of CPAs in Japan. All CPAs must be included in the JIPCPA. In addition to providing guidance on the conduct of audits, JIPCA issues guidance on accounting issues, and provides input for ASBJ in developing accounting standardization. Generally accepted audit process standardization is issued by BAC rather than JIPCA. The Certified Public Accountant and Auditing Oversight Board was formed in 2003. A government agency, designed to supervise and control auditors and improve audit quality in Japan. This was listed by the FSA in 2004.

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