

Improvement of Financial Records and Production of Financial Statements at the Grand Galaxy Convention Hall

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ABSTRACT

The contribution of MSMEs to economic growth is undeniable. One of the most sought-after services is hall rental service for various events and activities both for personal and corporate purposes. This kind of service is starting to be widely used as an important additional need for the community. The rental of the hall is carried out to hold various important events such as MICE (meetings, incentives, conventions, and exhibitions), weddings, exhibitions and other types of events needed by the community. This study aims to improve the financial records of the Grand Galaxy Convention Hall. In addition, based on the improved financial records, financial statements of the Grand Galaxy Convention Hall will be produced with the new system as a reliable reference for consideration in creating new strategies.

Keywords: *Mice, Wedding, Financial Statements, Micro Small and Medium Enterprises.*

1. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) have a very important role in the growth rate of the Indonesian economy, especially in creating new jobs and as a means of empowering households that can support household income. The existence of MSMEs is expected to be able to improve the Indonesian economy amid its weakening economic conditions.

The development of MSMEs in Indonesia continues to increase every year. Based on data obtained from the Central Statistics Agency [1], it can be seen that up to 2013, the number of MSMEs has reached 56,534,592 units or 99.9% of the total business units in Indonesia. MSMEs can absorb more than 107,657,509 workforces or contribute up to 97.16% of the total workforce in Indonesia. Based on data, it can also be seen that MSMEs have contributed up to Rp. 4,870 trillion or 59.08% of GDP until 2013. MSMEs also contribute to the formation of export value, which is Rp. 167 trillion or 14.06%.

Today, competition in service industries is increasing extremely. Not only do communities need tangible goods (clothing, food, and shelter), but they also need non-tangible goods (services) such as education, health and

entertainment. One of the most popular services is hall rental. It is used for various events and activities both for personal and corporate purposes. It becomes increasingly popular as a helpful complement to the community's needs. The hall is rented for a number of important activities, including MICE (meetings, incentives, conferences, and exhibits), weddings, exhibitions, and other forms of community events. Hall rental facilities, especially in Jabodetabek, become sought-after services by the community.

General meeting (Meeting), incentive travel (Incentive), large convention (Convention), and exhibition (Exhibition) are commonly called MICE (Meetings, Incentives, Conventions, & Exhibitions) industry. According to [2], many countries start to emphasize the economic benefits brought by MICE activities, especially in Asian areas where their economy and trade have grown faster. ICCA (International Congress and Convention Association) is a global trade group that represents the world's leading suppliers in the handling, transportation, and accommodation of international meetings and activities, with over 1,100 companies and organizations from over 100 nations. According to the data in 2017, The United States became

the country with the most place for holding events reaching up to 941 events while Indonesia was ranked 40th with 89 meetings [2].

JEE Ballroom & Exhibitor which was established in 2016 is one of the hall rental providers for wedding and MICE activities in Jabodetabek. Besides, it also has other buildings located in Bintara, Tambun and Jakarta. Mrs. Rika, the owner and President Director of JEE Ballroom & Exhibitor, acknowledged that there were many financial weaknesses in her company. It is based on the statement of the person handling the current financial division, who is the younger brother of the owner. His background is not in finance, so that he doesn't follow the right procedure in providing financial records. Moreover, financial records are done manually which only record money or cash coming in and going out in a cash book. Therefore, the JEE Ballroom & Exhibitor does not yet have standardized financial statements including income statements up to the present. In this study, the authors only discuss one of the halls owned by JEE Ballroom & Exhibitor located in Bekasi, the Grand Galaxy Convention Hall.

1. 1MSME's Internal Analysis

1.1.1 Business profile of Grand Galaxy Convention Hall

1.1.2 The organizational structure of Grand Galaxy Convention Hall

1.1.3 Business process of the Grand Galaxy Convention Hall

1.1.4 Analysis of Business Model Canvas (BMC)

The business model describes how an organization can create, channel and capture the values of a business. Then, a tool for exposing the model business is the Business Model Canvas which is divided into 9 parts, namely Customer Segments, Value Propositions, Channels, Customer Relationships, Revenue Streams, Key Resources, Key Activities, Key Partnerships, and Cost Structure.

1.1.5 Analysis of Segmenting, Targeting, and Positioning

This analysis is important for the Grand Galaxy Convention Hall in to be able to adapt to the needs, desires, and values of its target market. By dividing consumers into certain groups, the Grand Galaxy Convention Hall can determine the strategies that will be taken to attract its target market.

1.1.6 7P Marketing Mix Analysis

According to reference [3] The 7P marketing mix consists of several variables that can be used by the Grand Galaxy Convention Hall to influence the response of its target. Those variables are interrelated, where one decision made for one variable will affect the response of the other variables.

1.1.7 VRIO Analysis

According to reference [4], a company's strategic resources and capabilities must have four important attributes, namely Valuable, Rarity (rarely), Costly to Imitate, and Organization.

1. 2MSME's External Analysis

1.2.1 PESTLE analysis

This analysis aims to determine the external conditions of the company seen from 6 factors namely Political, Economy, Social, Technology, Law, and Environment factors.

1.2.2 Porter's Five Forces Analysis

Michael Porter's Five Forces is a framework model that is used to analyze industry and develop business strategies. There are five things that can determine the level of competition and market attractiveness in an industry, namely 1) threats of new entrants, 2) bargaining power of suppliers, 3) bargaining power of buyers, 4), threat of substitute products and 5) rivalry among existing competitors[5].

1.2.3 SWOT analysis

SWOT analysis is a tool to measure the company's internal strengths and weaknesses, opportunities in the market, and threats that have the potency to affect the company in the future.

1.2.4 Gap analysis

Gap analysis is carried out to identify and analyze current actual conditions of MSMEs and then compare them with desired conditions after business coaching is done. It aims to help find solutions to fix problems that prevent companies from achieving the ideal conditions they want.

2. METHODS

The research method used was a qualitative approach. The research objective of this approach was to understand social phenomena from the participant's point of view, for example, motivations, behaviors, and others carried out by participants. Participants are people who

are invited to interview, observed, asked to provide their data, thoughts, and perceptions [6]. Participants in this study were Mrs. Rika, the owner of JEE Ballroom & Exhibitor and several JEE Ballroom & Exhibitor employees. The author used several data collection techniques including:

2.1 Depth interview

Depth interviews were conducted with Bu Rika as the owner and several employees to explore more about the overall picture of the business she worked on.

2.2 Observation

Observation techniques aim to observe a social phenomenon as well as collect data and observe the overall symptoms that occur in the field [7].

2.3 Documentation

This documentation was essential as an existing supporting data and can be one of the research reference materials. The authors will collect documentation in JEE Ballroom & Exhibitor, especially in the business operational process.

There are two types of research data used in a qualitative research:

2.3.1 Primary data

The primary data, obtained by the authors from JEE Ballroom & Exhibitor, came from interviews with owners and employees (ranging from Admin, Marketing, to Finance).

2.3.2 Secondary data

Secondary data obtained by the authors were all financial data used by the author in conducting the research.

The process of qualitative data analysis was done interactively until the end of the study. There are several components in data analysis which include (Sugiyono, 2008):

2.3.3 Data Reduction

Data reduction was taken from data obtained through depth interviews and field observations.

2.3.4 Data Presentation

Data presentation was obtained by interpreting data using several analysis tools including analysis of Business Model Canvas (BMC), external analysis using PESTLE analysis and Porter's Five Forces analysis, consumer analysis using segmenting, targeting, and

positioning, internal analysis using marketing mix analysis, VRIO analysis, SWOT analysis, TOWS analysis and gap analysis (Gap).

2.3.5 Data verification

3. RESULTS AND DISCUSSION

3.1 Results

3.1.1 Socio-demographic information of participants

- Analysis of Business Model Canvas (BMC)

From the results of reference [8] Business Model Canvas analysis of the Grand Galaxy Convention Hall, it can be seen that there were weaknesses in some parts of BMC, namely Customer Relationship, Key Activities that occurred in each division, namely the finance and marketing division and the HR division.

- Analysis of Segmenting, Targeting, and Positioning

The target customers of Grand Galaxy Convention Hall were men or women over the age of 13 who needed a hall that had luxurious facilities at a competitive price and provide one-stop service.

- 7P Marketing Mix Analysis

Based on the results of the overall marketing mix analysis [9-10] of the Grand Galaxy Convention Hall, there were several aspects that quit business continuity, among others, the promotion section, the process in which financial records are not in accordance with the PSAK standard. The recording was very simple and was done manually, so that the owners themselves were difficult to read the financial records. The last was people or employees. Thus, JEE Ballroom & Exhibitor lacks good and decent financial results due to the lack of competency of workers who are not majoring in finance.

- VRIO Analysis

Based on the VRIO analysis of the Grand Galaxy Convention Hall, it was found that the three Grand Galaxy Convention Hall resources in the form of building location, building capacity and equipment as well as one-stop service were currently becoming competitive advantages of the company. However, those competitive advantages were only temporary. Therefore, it is important for the Grand Galaxy Convention Hall to maintain its competitive advantage at this time in order not to be easily defeated by competitors, especially new competitors.

- PESTLE analysis

Based on the results of PESTLE analysis of the six external factors, there were four factors that can be an

opportunity for the JEE Ballroom Group & Exhibitor and only two factors that posed a threat. The two factors were: 1) Politic, which was related to the policy of decreasing Final Income Tax (PPH) rates to 0.5% for micro, small and medium enterprises (MSMEs), 2) Law, which was the Regional Minimum Wage level in Bekasi that has the possibility to increase each year.

- Porter’s Five Forces Analysis

Based on the results of the analysis using Porter’s Five Forces, it is concluded that competitions from the threat of new entrants and competitive rivalries were high. It is caused that the JEE Ballroom & Exhibitor building rental industry had moderate to high competitiveness.

- SWOT analysis

The analysis of SWOT showed that the financial records of Grand Galaxy Convention Hall were still done manually. Moreover, there were no monthly income statements and balance sheets. All this time, the Finance Department only made a simple cash book listing in the form of Debit and Credit and calculated the difference between the two at the end of the month. In addition, the recording in the management of consumer funds for each event was also less detailed so it was difficult to integrate financial data contained in the Grand Galaxy Convention Hall cash book with incoming and outgoing money contained in the recording of financial management for each consumer.

4. CONCLUSIONS

Based on the results of the overall analysis of the Grand Galaxy Convention Hall, the authors formulate the implementation process of the proposed settlement, with two objectives being targeted to be achieved; the authors divide it into several stages so that the scheme is clear. The following is a plan for proposed implementation stages of business coaching based on table 1.

Table 1. Implementation stages

Information	N (%)	Information	N (%)
<i>Gender</i>		<i>Years of service</i>	
Male	138 (63.3)	≤ 5	98 (45.0)
Female	80 (36.7)	6 – 10	70 (32.1)
Age range		> 10	50 (22.9)
< 25	7 (3.2)	Occupation	
25 – 35	119 (54.6)	Administrative	53 (24.3)
36 – 40	55 (25.2)	Specialist	165 (75.7)
41 – 45	20 (9.2)	Role	
46 – 50	11 (5.0)	Team member	182 (83.5)
51 – 55	5 (2.3)	Team leader	36 (16.5)
> 55	1 (0.5)		
Marital status		Work unit	
Unmarried	58 (26.6)	LID	61 (28.0)
Married	160 (73.4)	DIK	58 (26.6)
Education		TUT	34 (15.6)
High School	0 (0)	LABUKSI	29 (13.3)
Diploma	14 (6.4)	KORWIL	32 (14.7)
Bachelor	150 (68.8)	SET	4 (1.8)

Master	52 (23.9)	Work time	
Doctor	2 (0.9)	Flexi	216 (99.1)
		Regular	2 (0.9)

Table 2. Implementation Phases

Aims	Phases
Improvement of Financial Records	Stage 1: Checking the Financial System that Has Been Implemented Stage 2: Data Matching
Production of Financial Statements	Stage 3: Creating a Cash Flow Statement Stage 4: Producing an Income Statement

After doing stages 1 and 2, it is increasingly clear that financial records made by the financial section of Grand Galaxy Convention Hall are not done systematically and are not integrated between income, expenditure and profit. Therefore, the authors propose a new method of preparation, so that the financial records of the Grand Galaxy Convention Hall can be accounted for. There are several things that are taken into consideration in compiling new financial records for the Grand Galaxy Convention Hall.

Firstly, for a service company such as Grand Galaxy Convention Hall, it is difficult to make financial records in a certain period of time. This is because the "seasons" people getting married do not occur throughout the year; instead, it occurs at certain times, such as the beginning of the year, mid-year and the end of the year.

Secondly, because of those conditions, the Grand Galaxy Convention Hall usually makes agreements with prospective customers regarding provisions such as the payments to be made in several stages and within a few months before the event takes place.

Thirdly, taking into account that weddings or other big events are carried out based on certain cycles and also the payment mechanism between JEE Ballroom Group & Exhibitor and consumers based on certain provisions, then the steps that will be taken are to prepare cash flow statements and income statements.

Table 3. Cash Flow Statements Based on Consumer Data

Cash Flow Statement of Grand Galaxy Convention Hall				
Based on Consumer Data				
March, 2018				
Date	Reference Code	Explanation	Debit	Credit
October 3, 2017	Wed-DewiZaenal-PaketReg-Mart 2018	Regular package for January 2019 Rp.109,000,000		
October 29, 2017	Wed-DewiZaenal-PaketReg-Jan-2019	Payment 1 Wed-DewiZaenal-PaketReg	Rp. 50,000,000	

November 26, 2017	Wed-DewiZaenal-PaketReg-Jan 2019	Payment 2 Wed-DewiZaenal-PaketReg	Rp 25,000,000	
December 2, 2017	Wed-DewiZaenal-PaketReg-Jan 2019	Payment 2 Wed-DewiZaenal-PaketReg	Rp 40,000,000	
Total Income Rp 115,000,000				
November 1, 2017	Wed-DewiZaenal-PaketReg-Jan 2019	Catering Package Payment		Rp 25,000,000
November 30, 2017	Wed-DewiZaenal-PaketReg-Jan 2019	Hall Rental Payment		Rp 18,000,000
December 1, 2017	Wed-DewiZaenal-PaketReg-Jan 2019	Bridal Makeup Payment		Rp 5,500,000
December 10, 2017	Wed-DewiZaenal-PaketReg-Jan 2019	Payment of Tu7uh Entertainment		Rp 3,000,000
January 2, 2017	Wed-DewiZaenal-PakeReg-Jan 2019	EO Payment		Rp 2,000,000
Total Expenditures Rp 57,500,000				
Total Income Rp57,000,000				

Table 4. Cash Flow Statements Based on Monthly Transactions

Cash Flow Statement of Grand Galaxy Convention Hall Based on Monthly Transaction March, 2018				
Date	Reference Code	Explanation	Debit	Credit
March 3, 2018		Payment for decoration Dewi – Zaenal		Rp 250,000
		Marketing Fee		Rp 250,000
March 4, 2018		Bouquets of Flowers for Mrs Risma		Rp 500,000
		Rahma's Salary		Rp 2,462,000
March 6, 2018		Computer Service		Rp 215,000
		Total		Rp 3,677,000

Based on the two examples of reporting above, there will be made examples of records for profit and loss, as follows:

Table 5. Income Statement of the Grand Galaxy Convention Hall

Income Statement March 2018			
Revenue			Balance
	Wedding o Dewi & Zaenal Regular Package		Rp 57,500,000
		Total Business Income	Rp 57,500,000
Cost of Revenue			
	Cost		Rp 3,677,000
		Total Cost of Revenue	Rp 3,677,000
	Gross Profit/Loss		Rp 53,323,000
Operational Expenses			
	Employees Salary		Rp 4,500,000
	Electricity		Rp 500,000
	Cleaning Cost		Rp 150,000
	Kitchen		Rp 750,000
	Advertising and Promotion Costs		Rp 1,800,000
	Office Administration		Rp 800,000
		Total	Rp 8,500,000
	Operational profit/loss		Rp 44,823,000
Other Revenues			
	Nett Profit/Loss		Rp 44,823,000

From the newly prepared income statement above, it is expected that the Grand Galaxy Convention Hall can see its financial condition in one period

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