Analysis of the Application of Environmental Cost Accounting at Pt. Nusantara Plantations

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Abstract;
The aim of this research is to find out and analyze how companies identify, recognize, measure, present and disclose environmental costs in financial reports. The research was conducted at PT. Perkebunan Nusantara V Sei Rokan. This research uses primary (qualitative) data by means of interviews and secondary (quantitative) data from company financial reports. The results show that companies in recognizing waste processing operational costs (environmental costs) are included as a component of production costs with the consideration that waste arises as a result of the production process. Disclosure of environmental issues in financial reports has not yet been specifically regulated in the applicable accounting standards, so that its implementation is in accordance with the policies of each company.

Keywords: *Environmental Cost Accounting, Environmental Costs, Waste Processing Costs, Application of Environmental Cost Accounting.*

INTRODUCTION

The main objective of establishing a company is to obtain the maximum possible profit for the company's survival, but apart from that, the company must also pay attention to the state of the environment. If this is not taken seriously it will have a bad impact on the surrounding environment. The environment is recognized or not recognized as having a significant contribution in supporting a company's business activities. On the other hand, business activities often have an impact on reducing environmental quality. Pollution and production waste are examples of negative impacts from industrial operations. Environmental problems are a major phenomenon that requires special attention from the government, consumers and investors. Foreign investors are more likely to pay attention to the procurement of raw materials and production processes that avoid environmental problems. One form of attention to environmental preservation carried out by the government is by drafting Law Number 32 of 2009 concerning Environmental Protection and Management. Apart from the role of the government, there are also many environmental watchdog organizations that play an active role in preserving the environment, by inviting people to care more about the environment. In Indonesia, these organizations include TH (Tunas Hijau), WALHI (Indonesian Forum for the Environment), and KEHATI (Indonesian Biodiversity), and others.

According to Utami (2013), when a company operates, the business processes carried out by the company have the potential to have an impact on the environment, both positive and negative impacts. The impacts that arise can be grouped into two parts, namely environmental impacts and social impacts. Examples of environmental impacts include water pollution, air pollution and damage to biodiversity. All types of impacts caused by the company will provide risks that affect the business carried out by the company's activities. Various negative impacts from company operations require an environmental accounting system to control the company's responsibilities because waste management carried out by the company requires recognition, measurement, disclosure and presentation of waste management costs from the results of the company's operational activities. The treatment of waste management problems is important in relation to controlling a company's responsibility towards its environment. Recognition of measurement, disclosure and presentation of waste management costs from the results of the company's operational activities is one of the interesting accounting issues to study. This research takes the research object at PT. Perkebunan Nusantara V Sei Rokan. This company is a State-Owned Enterprise which operates in the palm oil plantation sector.

Apart from producing semi-finished oil, PT. Perkebunan Nusantara V Sei Rokan also produces waste from the production it carries out, and it is known that industrial waste that is not managed and accounted for properly will have an impact on the environment and surrounding communities. In the operational process PT. Perkebunan Nusantara V Sei Rokan already has a Wastewater Treatment Plant (IPAL). This IPAL is operated to manage waste originating from production activities. During the waste management process there are costs that must be incurred by PT. Perkebunan Nusantara V Sei Rokan to finance waste management activities. In this case, the company recognizes that environmental costs (in terms of waste management operational costs) are included in the production cost component with the consideration that waste arises as a result of the production process. Information regarding environmental costs (waste management operational costs) is disclosed in the notes to the company's financial statements in the trial balance. Based on the description above, the author is interested in researching the problem of environmental cost accounting at PT. Perkebunan Nusantara V Sei Rokan which has the potential to produce production waste, Environmental Costs at PT. Plantation.

Problem Formulation

Based on the background of the problem described above, the problems in this research are:

1. How is environmental cost accounting implemented at PT. Perkebunan Nusantara V Sei Rokan?
2. Is there conformity between the process of identifying, recognizing, measuring and presenting environmental cost accounting applied at PT. Perkebunan Nusantara V Sei Rokan with existing and supporting concepts?

LIBRARY STUDY

2.1 Theory Description

2.1.1 Environmental Accounting

American Accounting Association in Soemarso (2013) defines accounting as the process of identifying, measuring and reporting economic information, to enable clear and firm judgments and decisions for those who use the information. This definition contains two meanings, namely:

1. Accounting activities, that accounting is a process consisting of identifying, measuring and reporting accounting information.
2. The usefulness of accounting, that economic information produced by accounting is expected to be useful in assessing and making decisions regarding the business entity concerned.

The definition of environment based on Law no. 32 of 2009 concerning Environmental Protection and Management in Article 1 point 1 is: conditions and living creatures, including humans and their behavior which influence the continuity of life and welfare

According to Lindrianasari (2007) environmental accounting is a term that attempts to specify the financing carried out by companies and governments in carrying out environmental conservation by posts and governments. From these environmental conservation activities, environmental costs will ultimately arise which must be borne by the company.

According to the United States Environmental Protection Agency in Ikhsan (2009) explains that the term environmental accounting is divided into two main dimensions. First, environmental accounting is a cost that directly impacts the company as a whole (in this case, secondly, environmental accounting also includes individual, community and environmental costs of a company that cannot be accounted for.

2.1.2 Objectives of Environmental Accounting Concepts According to Santoso (2012) the objective of environmental accounting is to provide relevant environmental cost information for those who need it.

According to Ikhsan (2009) the aim of environmental accounting is to increase the amount of relevant information created for those who need it or who use it. Apart from that, the aims and objectives of developing environmental accounting include:

1. Environmental accounting is an environmental management tool; environmental accounting is used to assess the effectiveness of conservation activities based on a summary and classification of environmental conservation costs.
2. Environmental accounting as a communication tool with the community. as a means of communication with the public, environmental accounting to convey negative environmental impacts, environmental conservation activities and their results to the public.

2.1.3 The Importance of Environmental Accounting

According to Santoso (2012) the importance of environmental accounting practices for companies is related to internal functions and external functions. Internal functions are functions related to the company's own internal parties where the company leadership is the person responsible for making decisions which functions as a management tool used by company managers. External functions relate to aspects of the company's financial reporting where financial reporting provides useful information for stakeholders. on the use of economic resources entrusted to him.

According to Ikhsan (2009) environmental accounting is a term related to the inclusion of environmental costs in the accounting practices of companies or government institutions. Environmental accounting is an important thing to consider as well as possible because environmental accounting is part of accounting. The underlying reason is that it leads to its involvement in economic concepts and environmental information.

2.1.4 Functions and Roles of Environmental Accounting

According to Ikhsan (2009) the function and role of environmental accounting is divided into two forms, including:

1. Internal functions are functions related to the company's own internal parties. Internal parties are parties who run the business, such as consumer households and production households and other services. The dominant actor and factor in this internal function is the company leadership.
2. External function, is a function related to aspects of financial reporting. In this function, an important factor that companies need to pay attention to is the disclosure of the results of environmental conservation activities in the form of accounting data. The information disclosed is a quantitatively measured result of environmental conservation activities.

2.1.5 Environmental Costs

According to Hasen and Mowen (2007), environmental costs are costs that have occurred due to poor environmental quality, so environmental costs are related to the creation, detection, improvement and prevention of environmental degradation.

According to Ikhsan (2009) environmental costs are the consequences arising from company activities that influence environmental quality. The definition of environmental costs includes all the most obvious costs (such as waste). In environmental accounting there are financing components that must be calculated, for example:

1. Business operational costs consist of depreciation costs for environmental facilities, costs for repairing environmental facilities, services or payments (fees) for contracts to run environmental management facilities, labor costs for running environmental management facilities and contract costs for waste management (recycling).
2. Cost of recycling sold.
3. Research and development (R&D) costs consist of total costs for materials and expert personnel, other labor for the development of environmentally friendly materials, products and factory facilities.

2.1.6 Cost Allocation Treatment Stages

According to Mulyani (2013), recording for the management of all kinds of waste related to a company is preceded by planning which will be grouped into certain posts so that real needs can be known each year. Groupings in the environmental analysis stage as specified in the Financial Accounting Standards (PSAK) statement include the following:

a. Identification

According to Ikhsan (2009) management accounting provides the opportunity to identify and measure cost savings that can be made by the company. So that management has information to control and control environmental costs in order to achieve efficient and cheap production.

According to Wahyudi (2014), the first time a company wants to determine costs for managing the costs of dealing with externalities that may occur in its business operational activities is to identify negative impacts. For example, take a

It is estimated that palm oil factories will produce hazardous waste in the process of processing raw materials into semi-finished materials so that special handling is needed, by identifying the waste that may be generated, including: solid waste and liquid waste, originating from these activities.

b. Confession

According to Yanto (2007) the elements that have been identified are then recognized as accounts and referred to as costs. Costs incurred in order to prevent the environment from pollution can be recognized as expenses in the profit and loss statement. In addition, PSAK 57 regarding estimated liabilities, contingent liabilities and contingent assets, also allows recognizing expenses before costs are incurred, in order to fulfill legal provisions or other constructive aspects.

c. Measurement

According to Wahyudi (2014), companies generally measure the amount and value of costs incurred for environmental management in predetermined monetary units. Measuring the value and amount of costs to be incurred can be done by referring to the realization of costs that have been incurred in the previous period, so that the correct amount and value will be obtained according to the real needs of each period. Ikhsan (2009) revealed that the measurements carried out to determine the need for allocating financing are in accordance with the conditions of the company concerned because each company has different measurement standards for amounts and values.

d. Presentation

PSAK No. 1 of 2015 states that financial reports must fairly present financial position, financial performance, changes in equity and cash flows so that the objectives of the financial report can be achieved. reasonable. In this case, the company must provide additional disclosure of relevant information so that the financial statements can be presented fairly. According to Haryono in Mulyani (2013), comprehensive models that can be used as alternative environmental financial reporting models can be broadly categorized into four models, namely:

1. Normative model, this model recognizes and records environmental costs as a whole, namely within the scope of one general account together with other related accounts. These costs are included in certain cost account sub-units in the financial report.

2. Green model, assigns certain costs and benefits to a clean environment. As long as a company uses resources, the company must incur costs equal to the consumption of resource costs. This process forces the company to internalize the costs of using resources even though recognition and disclosure mechanisms are inadequate and then report these costs in financial statements that are separate from the parent financial statements for provide an explanation regarding environmental financing in his company.
3. Environmental intensive model, this reporting model requires capitalization of environmental protection and reclamation costs. Expenditures will be presented as investments in the environment, while environmental-related assets are not depreciated so that the financial statements, apart from financing which are disclosed separately, also contain records of fixed assets related to the environment which are considered as investments for the environment.
4. National asset model, this model changes the accounting perspective from the company level (micro scale) to the national level (macro scale), so that it is possible to increase the emphasis on accounting for the supply and flow of natural resources. In this model it can be emphasized that apart from taking care of the environment in its accounting disclosures, companies also have an obligation to interpret environmental financing as a national asset which is seen as a national responsibility. In this case, companies can choose alternative variant models in determining attitudes and forms of social responsibility according to the proportions of each company. However, substantially environmental responsibility remains the main consideration for every company.

e. Disclosure

Wahyudi (2014) revealed that in general accountants will record additional costs (environmental costs) in conventional accounting as overhead costs, which means that account specialization has not been carried out for environmental cost items.

According to Mulyani (2013), environmental accounting requires the allocation of special posts in recording accounts in financial reports prepared by companies so that in financial accounting reporting it will appear that social responsibility is not limited to rhetoric but is in accordance with the practical management of the company's remaining operational results.

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