

Analysis of the Application of Financial Accounting Standards Micro, Small, and Medium Entities in the Preparation of Trading Business Pondok Bika

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ABSTRACT

Financial statements prepared by entities must comply with financial accounting standards. Financial Accounting Standards (SAK) are Statements of Financial Accounting Standards (PSAK) and Interpretations of Financial Accounting Standards (ISAK) issued by the Indonesian Accounting Standards Board (DSAK IAI) and the Sharia Standards Board of the Indonesian Accounting Association (DSAS IAI) as well as capital market regulator regulations for entities under their supervision. This study aims to determine how the financial statements of UMKM UD. Pondok Bika are prepared and how the financial statements are implemented based on SAK-EMKM. The research used in this study is a qualitative research through a descriptive approach. The data used in this study are primary data and secondary data. This study was conducted in April 2025. The data collection method was through observation, interviews and documentation. The data analysis techniques used are data reduction, data presentation (*display*), Conclusion drawing/verification. The data analysis tool used is SAK-EMKM. The results obtained The total cost of goods sold owned by UD. Pondok Bika is Rp. This 5,500,000.00 was obtained by the author after conducting research from the previous business owner did not calculate the cost of goods sold. For the profit obtained by UD. Pondok Bika after deducting expenses amounting to Rp. 7,500,000.00. Pondok Bika Trading Business does not know and understand the Financial Accounting Standards for Entities, Micro, Small and Medium Enterprises (SAK-EMKM). The preparation and recording of bookkeeping which is still minimal and simple is still in accordance with the owner's understanding and knowledge.

Keywords: Financial Accounting Standards; SMEs; Financial Reports; Trading Business; Pondok Bika.

INTRODUCTION

Indonesia is a developing country that is inseparable from business activities carried out by individuals or groups of Micro, Small, and Medium Enterprises (MSMEs). Micro, Small, and Medium Enterprises (MSMEs) are currently a business that is widely carried out by the Indonesian people. At present, it is very difficult for Indonesia to find work, therefore many people open Micro, Small, and Medium Enterprises to create their own jobs and can help the government in reducing unemployment. Micro, Small, and Medium Enterprises (MSMEs) are small economic activities but have a large impact on the economy of a region and its ability to absorb labor. Thus,

MSMEs can be a foundation for improving the economy of a region. MSMEs are able to survive compared to other large businesses that tend to experience decline in running their businesses, [1] .

Indonesia experienced an economic crisis that caused the collapse of the national economy in 1998. However, Micro, Small and Medium Enterprises (MSMEs) became the country's economic recovery. Viewed from the number of businesses, the provision of employment and from the perspective of national economic growth as measured by *gross domestic product*, Micro, Small and Medium Enterprises (MSMEs) still play an important role in improving the Indonesian economy [2] . The characteristics of MSMEs in Indonesia can be seen from several aspects, including the type of business, the number of units by sector, and the level of education of entrepreneurs. Data shows that most MSMEs are engaged in the wholesale and retail trade sector, with the largest number of units in the food and apparel sector [3] . Micro, Small and Medium Enterprises (MSMEs) face many obstacles or problems caused by several factors, namely low education, lack of understanding of information technology and obstacles in preparing financial reports [4] . To develop a business, it is necessary to have working relationships and to increase business funding, there needs to be relationships with external parties, both from banks or other financial institutions . Meanwhile, according to Winarso (2023) Many MSMEs face problems caused by low education, lack of understanding of information technology, obstacles in preparing financial reports, and lack of awareness of the importance of complete financial reports [5] . Financial reports are the main media for an entity to communicate financial information by management to stakeholders such as shareholders, creditors, unions, government agencies and management [6] , [7] . Financial Reports According to IAI (2009), IAI (2012) Financial reports consist of the financial report process generally consisting of a balance sheet, income statement, statement of changes in equity, cash flow statement, other report notes and explanatory material which are an integral part of the financial reports [8] , [9] .

Banks or other financial institutions that provide credit will survey how the business finances are run, this can be seen from the financial reports of the managed business. These financial reports are used as considerations or analysis of financial performance that can provide information about financial existence, cash flow performance. So it can be used as a basis for economic decision making. In 2015, the Indonesian Accounting Association compiled a simpler Financial Accounting Standards (SAK) pillar, namely the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK-EMKM). SAK-EMKM was applied to the preparation of financial reports starting January 1, 2018 [10] , [11] . With the enactment of SAK-EMKM, small companies such as Micro, Small, and Medium Enterprises (MSMEs) no longer need to prepare financial reports using generally accepted PSAK. Based on the results of other studies, SAK-EMKM is a simplified accounting standard in regulating transactions commonly carried out by MSMEs and its measurement uses historical costs [12] . Financial Accounting Standards (SAK) are Statements of Financial Accounting Standards (PSAK) and Interpretations of Financial Accounting Standards (ISAK) issued by the Indonesian Accounting Association Standards Board (DSAK IAI) and the Sharia Standards Board of the Indonesian Accounting Association (DSAS IAI) as well as capital market regulator regulations for entities under their supervision [13] , [14] .

Financial Accounting Standards are concepts, principles, methods, techniques and others that are deliberately chosen based on a conceptual framework by a standard-setting body or authorized body to be implemented in an environment or country that is presented in the form of an official document to achieve the financial reporting objectives of the country [1] . The purpose of the financial statements of the EMKM SAK is to provide information on the financial position and financial performance of an entity that is useful in making economic decisions. It is hoped that MSME actors can implement and begin to present financial statements systematically. Starting from recording transactions related to money, purchases, and sales. Financial statements also function to determine the financial condition of a business or company, so that reports can be made in detail, accurately, and with good calculations [15] , [16] . The purpose of the EMKM SAK is to provide ease of preparation of financial statements that are useful for a large number of users in making economic decisions [17] . Based on Ernawati (2016) the EMKM SAK aims to make it easier for entities to prepare financial statements and gain access to financial institutions as additional capital [18] . In Safanah's research (2018), the EMKM SAK aims to make it easier for entities to prepare financial reports and gain access to financial institutions for additional capital [19] .

The benefits obtained if MSME business actors prepare financial reports in accordance with SAK-EMKM are obtaining information [20] . Information on company performance, information on company fund positions, information on changes in owner's capital, information on cash receipts and expenditures, information on the amount of costs. SAK-EMKM can also be used by entrepreneurs to see business growth, evaluate businesses, develop strategies and can apply for investment loans. This study will discuss the preparation of financial reports based on the Financial Accounting Standards for Micro, Small and Medium Entities (SAK-EMKM) at UMKM UD. Pondok Bika. SAK-EMKM can also be used by entrepreneurs to see business growth, evaluate businesses, develop strategies and can apply for additional capital loans [21] . Business size will influence business owners to determine steps in deciding to use accounting standards in preparing financial reports [22] . The inability of MSME management to prepare financial reports in accordance with SAK EMKM is caused by several things, namely

management's ignorance of SAK-EMKM and the lack of human resources who have the competence or understanding related to the preparation of financial reports [23]. The purpose of this study is to find out how financial reports are at UMKM UD. Pondok Bika and how to implement financial reports based on SAK-EMKM.

METHOD

This type of qualitative research uses a descriptive approach with a research design. The research was conducted at UD. Pondok Bika related to the implementation of SAK-EMKM in financial reports. The data used in this study are primary data and secondary data [24]. The primary data used was taken from 1 owner and 6 employees of Pondok Bika Business, while the secondary data used in this study is in the form of literature from several journals, print and electronic media and other social media. This research was conducted in April 2025 [25]

The data collection method is through observation, interviews and documentation. The data analysis techniques used are data reduction, data presentation (*display*), conclusion drawing/verification [26], [27]. The data analysis tool used is SAK-EMKM.

RESULTS

The results obtained from interviews with MSME owners and employees of the Pondok Bika Trading Business showed that understanding of the Financial Accounting Standards for Entities, Micro, Small and Medium Enterprises (SAK-EMKM) was still very low, this was caused by a lack of socialization related to the Financial Accounting Standards for Entities, Micro, Small and Medium Enterprises (SAK-EMKM).

The bookkeeping and financial reporting conducted by the UMKM UD. Pondok Bika is still very minimal and still uses manual recording. The manual recording only includes cash receipts, such as order receipts, and cash disbursements, such as raw material purchases, electricity bills, and employee salaries. The financial reporting is based on the business owner's understanding and does not align with the existing financial accounting system.

The following is the preparation of UD. Pondok Bika's financial report in accordance with the Financial Accounting Standards for Entities, Micro, Small and Medium Enterprises. UD. Pondok Bika's Financial Position Report is based on SAK-EMKM.

Table 1: UD Profit and Loss Report. Bika Cottage

UD. PONDOK BIKA	
INCOME STATEMENT	
APRIL, 2025	
Information	Amount
<u>Income</u>	April
Operating revenues	Rp. 25,000,000.00
Cost of goods sold	<u>Rp. 5,500,000.00</u>
<i>Gross profit</i>	Rp. 30,500,000.00
<u>Burden</u>	
Salary expense	Rp. 6,000,000.00
Electricity & Water Expenses	Rp. 500,000.00
Transportation Expenses	Rp. 1,500,000.00
Other Expenses	Rp. 15,000,000.00
<i>Total Load</i>	Rp. 23,000,000.00
<u>Profit (Loss) before Income Tax</u>	
Income Tax Burden	=
Net profit	Rp. 7,500,000.00

Data processed by researchers, April 2025

Table 2: Statement of Changes in Capital of UD. Pondok Bika

UD. PONDOK BIKA	
STATEMENT OF CHANGES IN CAPITAL	
APRIL, 2025	
Information	Amount
Initial Capital (April 1, 2025)	Rp. 10,000,000.00
April Net Profit	Rp. 7,500,000.00
Private (Private Pickup)	Rp. 3,000,000.00
Final Capital (April 30)	Rp. 14,500,000.00

Data processed by researchers, April 2025

Table 3: Balance Sheet of UD. Pondok Bika

UD. PONDOK BIKA	
BALANCE SHEET	
APRIL, 2025	
Current assets	Amount
Cash	Rp. 5,000,000.00
Accounts receivable	Rp -
Raw Material Inventory	Rp. 10,000,000.00
Total Current Assets	Rp. 15,000,000.00

Data processed by researchers, April 2025

Notes to the Financial Statements

Pondok Bika Trading Company has not yet prepared and recorded financial reports. The owner of UD. Pondok Bika does not yet know and understand how to prepare financial reports. The owner only records expenses and income, not in accordance with accounting standards. The following is an overview of the notes to UD. Pondok Bika's financial statements for April 2025.

DISCUSSION

General

Pondok Bika Trading Business was established in 2012 by Mr. Dedi Napia UD. Pondok Bika is engaged in the Traditional Snack Business sector. Pondok Bika Business meets the criteria as an Entity, Micro, Small and Medium in accordance with Law No. 20 of 2008 [28]. UD. Pondok Bika is located at Jl. Medan Padang Pasar Maga, Lembah Sorik Merapi District, Mandailing Natal Regency.

Accounting Policy Summary

Decision Statement

The accounting reports prepared by UD. Pondok Bika do not yet use the Financial Accounting Standards for Entities, Micro, Small and Medium Enterprises.

Basis of Compilation

The basis for preparing Pondok Bika's financial statements is historical costs and uses the owner's basic assumptions. The presentation currency used in preparing the financial statements is the rupiah.

Accounts Receivable

Pondok Bika Trading Company does not have any Accounts Receivable because UD. Pondok Bika only sells goods in cash.

Supply

In this case, Pondok Bika Trading Company only provides inventory for raw materials. The entity has not yet calculated the existing inventory. The statement of financial position recorded by the owner of UD. Pondok Bika

consists of components of raw material inventory and merchandise inventory. Pondok Bika Trading Company, in this case, only sells traditional snacks in packaged and unpackaged forms. Thus, the financial statement position includes raw material inventory and merchandise inventory. Packaged goods after completion are reported as inventory.

Fixed Assets

Pondok Bika Trading Business has never recorded its fixed assets in its books. From the results of the interview, UD. Pondok Bika stated that the fixed assets were at their acquisition cost, after calculating the fixed assets owned by UD. Pondok Bika, namely the land and buildings of the business located at Jl. Medan Padang, Pasar Maga Village, Lembah Sorik Merapi District, Mandailing Natal Regency.

Income and Expenses

At UD. Pondok Bika, the owner recognizes sales revenue when a sale is made to a customer or buyer. This also includes payments for employee salaries, electricity, water, and transportation.

1. Cash

Pondok Bika Trading Company had cash in April 2025 of Rp. 5,000,000.00

2. Debt

Pondok Bika Trading Business has no debt until April 2025.

3. Retain earning

The profit owned by UD. Pondok Bika is presented in the capital to run its business. The profit obtained by UD. Pondok Bika after being reduced by expenses amounting to Rp. 7,500,000.00.

4. Sales Revenue

Pondok Bika Trading Company had total sales in April 2025 of Rp. 25,000,000.00.

5. Income Tax Burden

In this case, Pondok Bika Trading Business has not calculated its income so it does not know the nominal amount of tax that must be paid.

This research aligns with the results of Afriansyah's (2021) study, which showed that MSMEs' understanding of accounting and SAK-EMKM influences the presentation of financial reports. The preparation of financial reports by MSMEs in Rejang Lebong does not yet comply with SAK-EMKM. [29]

The results of Widiastiawati's (2020) research show that the financial report of UMKM UD Sari Bunga presents the financial position for October 2019 showing total assets of IDR 231,007,000, - Profit and loss of IDR 350,000, - Notes to the financial statements (CALK) present a general description of UMKM UD Sari Bunga, a statement that the preparation of financial statements uses SAK EMKM as the basis for the preparation used, as well as the accounting policies applied and presented in the financial statements of UMKM UD Sari Bunga [2] .

The results of Saputra's (2020) research show that the company's financial recording system is still simple and is not yet capable of presenting financial reports in accordance with the EMKM SAK which includes financial position reports, profit and loss reports and notes to financial reports [30] .

CONCLUSION

Based on the results obtained, it can be concluded that UD. Pondok Bika does not yet know and understand the Financial Accounting Standards for Micro, Small and Medium Entities (SAK-EMKM). The preparation and recording of bookkeeping are still minimal and simple, still in accordance with the owner's understanding and knowledge. This can be seen from the records prepared by the owner of UD. Pondok Bika in this case only records incoming and outgoing cash and does not record all assets owned and transactions carried out at any time. Thus, the owner of the Pondok Bika Business is not yet able to understand all transactions that affect the increase and decrease in the value of assets owned, total capital, and the amount of liabilities to be paid.

From the results of the research and through interviews conducted, there are several obstacles faced by the Pondok Bika Business, namely the unavailability of Human Resources or employees who are experts or understand the recording and preparation of financial reports with the Financial Accounting Standards for Entities, Micro, Small and Medium Enterprises (SAK-EMKM).

Based on the conclusions obtained from the research results, the suggestions from this study are, UD. Pondok Bika is expected to record or prepare financial reports in accordance with the Financial Accounting Standards for Entities, Micro, Small and Medium Enterprises (SAK-EMKM). Pondok Bika Trading Business is expected to seek HR or employees who are capable and understand how to prepare and manage financial reports in accordance with the Financial Accounting Standards for Entities, Micro, Small and Medium Enterprises (SAK-EMKM). So that later the owner can know how the performance and financial position are more accurate and can be used in

making business economic decisions. Most importantly in this case, the owner will have complete and accurate information on all assets owned.

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