

APPLICATION OF FINANCIAL STATEMENT PREPARATION BASED ON FINANCIAL ACCOUNTING STANDARDS FOR MICRO, SMALL AND MEDIUM ENTITIES IN MSMEs (CASE STUDY OF TOKO ANJANI COLLECTION)

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ABSTRACT

This research is entitled " Application Of Financial Statement Preparation Based On Financial Accounting Standards For Micro, Small And Medium Entities In MSMEs (Case Study Of Toko Anjani Collection)" which aims to help Toko Anjani Collection compile financial statements for micro, SME and small enterprises. Corporate Accounting Standards (SAK EMKM). This study used qualitative descriptive methods to collect data and compare Toko Anjan's financial statements with current accounting standards. Based on the survey results, Anjan's understanding of SAK EMKM is still limited and still maintains very simple financial books. The application of financial reporting based on SAK EMKM in the Toko Anjani collection has a positive effect as material for evaluating business development and making clear financial information.

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1. INTRODUCTION

Indonesia has significantly increased business development potential, especially for micro, small and medium enterprises (MSMEs). This development has penetrated millennials who sell creative and unique products. The growth of SMEs plays an important role in Indonesia's economic development and helps reduce unemployment. In addition to the role of SMEs in economic growth and the embodiment of the workforce, they also have a role to complement the new skills and knowledge of creators.

The development of MSMEs in Indonesia continues to increase from year to year. This is shown by the number of MSMEs in 2019, which reached up to 65.47 million units. While the previous year was 64.19 million units, MSMEs in Indonesia experienced an increase of 1.98%[1]. With this data, MSMEs can be said to be the source of the nation's economy. So that this makes the government realize the importance of MSMEs in an effort to improve the quality of life of a more prosperous community.

MSME actors often have difficulty recording what happens to their business operations. This happens due to financial records carried out simply by MSME players to find out profits only by calculating the difference between cash in and cash out without taking into account other costs. Most MSME players conclude that if this month's income is higher than the income in the previous month, then the business results can be said to be good. In fact, to determine the success of a business is not only measured by its revenue, but it is necessary to have another accounting cycle process starting from identifying transactions to producing a financial statement.

In carrying out business activities, it is very necessary to have financial statements. Financial statements will later be used as an analysis of financial performance which can then provide financial information in the form of statements of financial position, performance and business cash flow so that they can be taken into consideration for making economic decisions. Financial statements can be said to be good if the information is presented correctly based on predetermined standards, but in reality not many MSME actors realize the importance of good financial statements and in accordance with existing standards. By realizing this, knowledge is needed in preparing financial statements based on financial accounting standards.

Based on previous research conducted on CV. Mavesa Jaya Magelang, CV. Mavesa Jaya has prepared financial statements regularly every day but not based on the SAK EMKM procedures currently in force in Indonesia. The owner and all employees of CV. Mavesa Jaya is not aware of the Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM) because so far there has been no socialization regarding SAK EMKM. The owner of this factory recognizes the importance of accounting

Application Of Financial Statement Preparation Based in Financial Accounting Standards For Micro, Small And Medium Entities In MSMEs (Case Study Of Toko Anjani Collection). Pebri Anjani, et.al

and preparing financial statements based on existing accounting standards, but the owner has not implemented it because he does not know the proper and correct financial recording procedures [2].

Another research conducted at UD Sari Bunga in Kelungkung, based on interviews with UD Sari Bunga MSME owners, showed that the understanding of the Financial Accounting Standards of Entities, Micro, Small and Medium Entities (SAK EMKM) is still low, due to the lack of socialization related to the Financial Accounting Standards of Entities, Micro, Small and Medium Entities (SAK EMKM). The recording of bookkeeping reports carried out by UD Sari Bunga MSMEs is still very simple and manual. Records made based on the owner's understanding. Although the recording is still very simple and not in accordance with the existing accounting system [3].

Based on research on the application of MSME accounting standards (SAK EMKM) at the Anjani Collection MSME Store, it shows that MSME owners' understanding of MSME accounting standards (SAK EMKM) is still low because the community, the target is related to micro, small, and Intermediate Accounting Standards (SAK EMKM) were not achieved.

Toko Anjani Collection is one of the MSMEs in Patumbak that sells and provides clothing, household appliances, and other accessories. This business has been running since 2019 and continues to grow from year to year, but its development does not use an accounting recording system, where the recording process carried out is only limited to the knowledge of business owners such as cash receipts and expenditures. This is what causes the Anjani Collection Store business has not been accurate in calculating income and costs so that it has not implemented financial statements in accordance with predetermined guidelines or standards.

2. LITERATURE REVIEW

Meaning of Financial Statements

Financial statements are the result of recording all financial transactions in the company. Financial transactions are all kinds of activities that can affect a company's financial condition, such as sales and purchases [5]. In the book Financial Statement Analysis [7] the following are the benefits of financial statements:

-As Company Evaluation

Material Financial statements can be used as material for evaluating the development of a company and also as information on the needs and use of funds and facing business competition from competing companies.

-Basic for Innovation

Financial statements can provide opportunities for business actors to give birth to ideas and innovate in their business, such as expansion, product development and product diversification.

-Liability Basically

Financial statements are made to make an accountability for all financial transactions carried out. As a business actor, in compiling this financial report has become a responsibility.

-As a Reference for Decision Making

Financial statements are one of the tools that can be used as a reference for making a decision. Especially for leaders of a company where with the report, they must immediately take a decision related to finance.

Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM)

Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM) is a form of support from the Indonesian Institute of Accountants in improving the implementation and accountability of entity reporting transparency. EMKM SAK can be used by companies that do not meet the above definitions and criteria, if the institution gives permission to prepare annual financial statements of economic entities based on EMKM IFRS.

Financial Statements in accordance with Accounting Standards for Micro, Small and Medium Entities (SAK EMKM)

Financial statements according to SAK EMKM are the simplest compared to other financial statements. These financial statements consist of:

-Statement of Financial Position

The statement of financial position in MSMEs is basically the same as the financial statements of business entities, financial statements are made at the end of the accounting period and contain a

comprehensive picture of financial information regarding economic resources owned by the company, debt, and sources of financing (capital) to obtain these economic resources [8].

-Income Statement

The income statement is a report that shows the company's ability to earn profits or losses during an accounting period. In the income statement, the accounts contained in the statement are nominal accounts, namely income and expenses. If the income earned or received is greater than the expenses incurred then the company earns profits, and vice versa if the income earned or received is less than the expenses incurred then the company incurs losses [9].

-Notes to Financial Statements

Notes to financial statements contain additional information, narrative explanations, or details of amounts presented in the financial statements. Notes to financial statements are information about items in the balance sheet/statement of financial position, income statement, and cash flow statement [10].

3. METHOD

This type of research uses qualitative methods. Qualitative method is the collection of data in a natural setting with the intention of interpreting the phenomenon that occurs where the researcher is the key instrument, sampling of data sources is carried out by purposive and snowball, collection techniques by triangulation (combined), data analysis is inductive / qualitative, and qualitative research results emphasize meaning rather than generalization [11].

This research will be carried out at MSMEs on Jl Defense Kec. Patumbak Kab. Deli Serdang. The object of this study is MSMEs "Toko Anjani Collection" This research was conducted for a period of one year.

The data used in this study include field research methods, collection of information about the object of the research location:

- a. Observation: direct observation of the research location at Toko Anjani Collection
- b. Interview: give some questions to the owner of Toko Anjani Collection
- c. Documentation: collection of data and information in Toko Anjani Collection by collecting documents, records and data stored without reprocessing data.

4. RESULT AND DISCUSSION

A Brief History of MSMEs Toko Anjani Collection

Toko Anjani Collection is a trading business engaged in fashion that sells a variety of clothes, hijabs and other accessories. This Anjani Collection store was established in 2019 which means it has been running for 4 years. This Anjani Collection store is located on Jalan Sedap Malam market IV Kec. Patumbak. The sales carried out by the Anjani Collection Store are offline and online. Offline is usually done by promoting word-of-mouth sales to people living around the store. While online, this store usually sells on social media from Facebook, Instagram, and WhatsApp. The purpose of the business owner establishing this Anjani Collection Store is to meet his personal needs. And until now the Anjani Collection Store business continues to grow and has been widely known among the community around Patumbak.

Vision :

Become a store that provides satisfaction and comfort for customers.

Mission :

1. Serve kindly and use polite language.
2. Able to provide varied products by following current trends.
3. Provide quick response to customers.
4. Provide affordable prices with good quality.
5. Provide a guarantee when the goods are damaged or defective, will be replaced with new ones.
6. Deliver goods to the front of the customer's house.
7. Trust.

Data Collection

After conducting data through interviews at the Anjani Collection Store research site, a list of accounts can be made as follows:

Table 1. List of Account

List Of Account :

1-1100	Cash	4-1100	Sales
1-1200	Account Receivable	5-1100	Cost of goods Sold
1-1300	Merchandise Inventory	5-1200	Purchase
1-1400	Supplies	6-1100	Salary Expenses
1-2100	Vehicle	6-1300	Rent Expenses
1-2110	Acc. Depreciation of Vehicle	6-1400	Data Packet Expenses
1-2200	Equipment	6-1500	Supplies Expenses
1-2210	Acc. Depreciation of Equipment	6-1600	Vehicle Depreciation Expense
2-1100	Account Payable	6-1700	Equipment Depreciation Expense
3-1100	Equity		

After getting the list of accounts above, the following author attaches the financial statements of Toko Anjani Collection in early January 2022:

TOKO ANJANI COLLECTION
STATEMENT OF FINANCIAL POSITION
PER : 1 JANUARY 2022

ASSET			LIABILITIES + EQUITY		
Current Assets :			Liabilities :		
Cash	Rp	7.650.000	Account Payable	Rp	-
Account Receivable	Rp	239.000			
Supplies	Rp	80.000			
Merchandise Inventory	Rp	730.000			
Total Current Assets		Rp 8.699.000	Total Liabilities		Rp -
Fixed Assets :			Equity :		
Vehicle	Rp	18.200.000	Final Equity	Rp	27.929.800
Acc. Depreciation of Vehicle	Rp	1.929.200			
Equipment	Rp	3.500.000			
Acc. Depreciation of Equipment	Rp	540.000			
Total Fixed Assets		Rp 19.230.800			
TOTAL ASSETS		Rp 27.929.800	TOTAL LIABILITIES & EQUITY		Rp 27.929.800

Figure 1. Financial Statements of Toko Anjani Collection

The other attachments, which are transactions of Anjani Collection Store for the period January to December 2022, are as follows:

TOKO ANJANI COLLECTION
TRANSACTION
PER : JANUARY-DECEMBER 2022

No	Explanation	Debit	Credit
1	Sales	Rp 196.770.000	
2	Purchase		Rp 129.358.000
3	Salary Expense		Rp 50.400.000
4	Rent Expense		Rp 1.200.000
5	Data Packet Expenses		Rp 1.257.000
6	Supplies Expenses		Rp 1.380.000
7	Vehicle Depreciation Expense		Rp 1.929.200
8	Equipment Depreciation Expense		Rp 540.000
	Total	Rp 196.770.000	Rp 186.064.200

Figure 2. of Anjani Collection Store for the period January to December 2022

Based on the transaction data obtained, the author makes a balance sheet for the Anjani Collection Store as follows:

TOKO ANJANI COLLECTION
TRIAL BALANCE
PER : DECEMBER 2022

No. Account	Name Of Account	Debit	Credit
1-1100	Cash	Rp 18.355.800	
1-1200	Account Receivable	Rp 239.000	
1-1300	Merchandise Inventory	Rp 730.000	
1-1400	Supplies	Rp 80.000	
1-2100	Vehicle	Rp 18.200.000	
1-2110	Acc. Depreciation of Vehicle		Rp 1.929.200
1-2200	Equipment	Rp 3.500.000	
1-2210	Acc. Depreciation of Equipment		Rp 540.000
2-1100	Account Payable		
3-1100	Equity		Rp 27.929.800
4-1100	Sales		Rp 196.770.000
5-1100	Cost of goods Sold		
5-1200	Purchase	Rp 129.358.000	
6-1100	Salary Expenses	Rp 50.400.000	
6-1200	Rent Expenses	Rp 1.200.000	
6-1300	Data Packet Expenses	Rp 1.257.000	
6-1400	Supplies Expenses	Rp 1.380.000	
6-1500	Vehicle Depreciation Expense	Rp 1.929.200	
6-1600	Equipment Depreciation Expense	Rp 540.000	
TOTAL		Rp 227.169.000	Rp 227.169.000

Figure 3. Transactions of Anjani Collection Store

The following is for determining the cost of goods sold:

Cost of goods Sold			
Initial Inventory		Rp 730.000	
Purchase	Rp 129.358.000		
Net Purchase		Rp 129.358.000	
Goods available for sale		Rp 130.088.000	
Ending inventory		-Rp 730.000	
Cost of goods sold			Rp 129.358.000

Figure 4. Cost Of Goods Sold

Discussion

Financial statements based on SAK EMKM, are as follows:

TOKO ANJANI COLLECTION			
INCOME STATEMENT			
FOR THE YEAR ENDED DECEMBER 31, 2022			
REVENUE			
Sales		Rp 196.770.000	
Other Income		Rp -	
Total Revenue		Rp 196.770.000	
Cost Of Goods Sold			
Initial Inventory		Rp 730.000	
Purchase	Rp 129.358.000		
Net Purchase		Rp 129.358.000	
Goods available for sale		Rp 130.088.000	
Ending inventory		-Rp 730.000	
Cost Of Goods Sold			Rp 129.358.000
GROSS PROFIT			Rp 67.412.000
EXPENSES			
Salary Expense		Rp 50.400.000	
Rent Expense		Rp 1.200.000	
Data Packet Expenses		Rp 1.257.000	
Supplies Expenses		Rp 1.380.000	
Vehicle Depreciation Expense		Rp 1.929.200	
Equipment Depreciation Expense		Rp 540.000	
TOTAL EXPENSES		Rp 56.706.200	
NET PROFIT			Rp 10.705.800

Figure 5. Financial statements

From the profit / loss statement of Toko Anjani Collection for the period January 2022 to December 2022, it can be concluded that Toko Anjani Collection earned a profit of Rp. 10,705,800 from its business activities. The profit obtained from this business activity is used for the purchase of further goods, as a measuring tool to assess the performance of a business and is used for future decision making whether the business can still be continued or carry out policies so that the business can be better.

ASSET		LIABILITIES + EQUITY	
TOKO ANJANI COLLECTION		STATEMENT OF FINANCIAL POSITION	
DECEMBER 31, 2022			
Current Assets :		LIABILITIES	
Cash	Rp 18.355.800	Account Payable	Rp -
Account Receivable	Rp 239.000		
Supplies	Rp 80.000		
Merchandise Inventory	Rp 730.000		
Total current assets	Rp 19.404.800	TOTAL LIABILITIES	Rp -
Fixed assets :		EQUITY	
Vehicle	Rp 18.200.000	Equity	Rp 27.929.800
Acc. Depreciation of Vehicle	-Rp 1.929.200	Retained Earning (Deficit)	Rp 10.705.800
Equipment	Rp 3.500.000		
Acc. Depreciation of Equipment	-Rp 540.000		
Total Fixed Assets	Rp 19.230.800	TOTAL EQUITY	Rp 38.635.600
TOTAL ASSETS	Rp 38.635.600	TOTAL LIABILITIES AND EQUITY	Rp 38.635.600

Figure 6. Financial Position Report of Anjani Collection Store

From the financial position report of Anjani Collection Store for the period January 2022 to December 2022, Anjani Collection business has assets of Rp. 38,635,600 with total debt and capital of Rp. 38,635,600. This report can be used by the company to find out how much property he has.

Toko Anjani Collection **Catatan Atas Laporan Keuangan** **31 Desember 2022**

1. General

Micro, Small and Medium Enterprises (MSMEs) Toko Anjani Collection is a business that was established in 2019, addressed at Jl. Sedap Malam Kec. Patumbak Kab. Deli Serdang. This Anjani Collection store has 2 workers. The sales turnover obtained from January to December 2022 was IDR 196,770,000 and the profit obtained was IDR 10,705,800.

2. Overview of Important Accounting Policies

1. Compliance Statement
Through financial statements prepared using Financial Accounting Standards for Micro, Small and Medium Entities
2. Basic Drafting
The preparation of annual accounting reports is based on initial acquisition costs and uses accrual basis assumptions. The presentation currency used in the preparation of financial statements is rupiah.
3. Accounts Receivable
Accounts receivable correspond to the amount of credit sales that have not been repaid.
4. Supplies
Inventory consists of the inventory of final merchandise.
5. Fixed Assets
Fixed assets are valued at the cost of acquisition if they are legally owned by the company. Fixed assets are depreciated by the straight-line method over the estimated useful life of equipment and vehicles for 5 years.
6. Account Payable
Toko Anjani's business has no debt
7. Revenue and Expense Recognition

Revenue is derived from the sale of products and is recognized at the time of product purchase. The expense is recognized at the time of the incurring costs.

3. Cash

The cash owned by Anjani Collection Store at the end of the 2022 period is IDR 12,355,800

4. Account Receivable

Accounts receivable of Rp. 239,000 are receivables from sales that have not been repaid.

5. Expenses

The burden owned by Anjani Collection Store is IDR 56,706,200 with the following details:

Salary Expense	Rp	50.400.000
Rent Expense	Rp	1.200.000
Data Packet Expenses	Rp	1.257.000
Supplies Expenses	Rp	1.380.000
Vehicle Depreciation Expense	Rp	1.929.200
Equipment Depreciation Expense	Rp	540.000

6. Account Payable

This Anjani Collection Store business has no debt throughout 2022

7. Profit / Loss Balance

The profit and loss balance is the difference between accumulated income and expenses

4. CONCLUSION

Toko Anjani Collection has not implemented accounting reporting based on SAK EMKM, due to its limited knowledge of financial accounting and lack of understanding of MSME actors, especially Toko Anjani Collection, it is necessary to conduct socialization and training on the implementation of the preparation of annual calculations based on SAK EMKM. In addition, Toko Anjani Collection does not report transactions either in detail or estimates, so Toko Anjani Collection does not know the amount of revenue and losses incurred during business operations.

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