

Preparation of Financial Statements Based on SAK-EMKM in Micro, Small and Medium Enterprises (UMKM) Ekky Store in North Toraja Regency

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ABSTRACT

This study aims to examine the preparation of financial statements based on SAK-EMKM in Micro, Small and Medium Enterprises (UMKM) of Toko Ekky in North Toraja Regency. The focus of this research is the understanding of UMKM owners regarding the preparation of financial statements, the obstacles faced in compiling financial statements, and how to prepare financial statements based on SAK-EMKM in Toko Ekky UMKM. This study uses a qualitative method with a case study approach. Data was collected through interviews, observations, and documentation. The results of the study show that the owner of Toko Ekky UMKM has not understood the preparation of financial statements in accordance with SAK-EMKM. The obstacles faced are the lack of knowledge and understanding of accounting and the limitations of human resources. In compiling financial statements, Toko Ekky UMKM only make simple records related to cash receipts and expenditures. Therefore, assistance and training are needed for MSME owners to be able to prepare financial statements in accordance with SAK-EMKM to improve better financial management.

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INTRODUCTION

Micro, small and medium enterprises (UMKM) are one of the economic sectors that greatly affect the Indonesian economy (Kesia et al, 2022)¹. UMKM have a strategic role in the development of the national economy. This is reflected in its contribution to Indonesia's gross domestic product (GDP) which is increasing every year. In the recent economic crisis that occurred in Indonesia, where many large companies have stagnated and even gone out of business, the UMKM sector has proven to be more resilient to the crisis (Hafsah, 2004). In middle-income countries, UMKM account for about 55 percent of employment and nearly 40 percent of GDP. However, the importance of UMKM in high-income countries is increasing. UMKM also absorb 65% of employment and contribute 50% of the country's GDP, Ayyagari (2003).

North Toraja Regency is one of the cities with many handicrafts. Crafts are the art and skill of the hands that produce high-quality items made with a pure sense of art and ideas so that the products

are beautiful and attractive. One of the handicrafts in North Toraja Regency is the bead craft at the Ekky Shop in Rinding Batu Village, bead crafts have their own uniqueness and specialties. Almost everyone in this village works as bead craftsmen. Rinding Batu Village has a lot of potential that makes it famous for its bead crafts, which make displays, dancer accessories, jewelry, and other items that have become village icons. In this village, there are many beaded crafts, ranging from simple and cheap to high-priced ones. Each craftsman makes different beads, and their products are unique because of the expertise they have. The beads in this village have different motives and prices.

Based on previous research from Rizky et al (2021), it shows that UMKM have not made their financial statements based on the SAK EMKM. Meanwhile, the results of research by Tuti et al., (2021), show that the preparation of financial statements by UMKM is still very simple and manual because it only records income and expenses to obtain income information.

As a result of the initial interview conducted by the researcher with the owner of Toko Ekky about UMKM beads, the craftsman said that he did not implement a good financial management strategy because he was still recording transactions that were still simple. According to the owner of Toko Ekky, Mr. Marten Palintin, the financial records carried out are only recording receipts and expenses. From the results of the interview, it was found that financial recording was still limited to cash receipts and expenditures, so reporting was not in accordance with SAK-EMKM so that bead crafts could pose risks.

The risks that can be posed if SAK EMKM is not implemented, namely in recording and reporting, can produce inaccurate and consistent financial reports that cause financial information errors so that it is difficult to monitor financial performance, make the right decisions, and inefficient financial management in business (Natasha et al, 2020)². Thus, SAK EMKM must be applied in the financial management of a business to obtain guidelines and procedures that help in effective financial management, such as recording transactions, preparing financial statements, and internal control to help business growth and progress.

Every transaction that occurs in business activities is initial information that must be recorded and processed to make good financial reports. Financial statements encompass the process of drafting and results, and are the company's primary communication tool. UMKM actors consider accounting records and the preparation of financial statements complicated. However, financial statements help to know the condition of their business. Calculating daily turnover is an example. As a result, accounting bookkeeping becomes essential for your business.

An added benefit is that they help get loan credit. For a creditor, reading financial statements and accounting books is essential. Creditors can assess and predict how well they will grow and be able to pay off their loans. So, bookkeeping is important for every financial transaction in a small business, Intan Nilasari (2023).

In Micro, Small and Medium Enterprises (UMKM), finance is very important for recording and other financial activities during a certain period. In accounting, transactions are events and circumstances that can affect the financial position of a company and can change the amount or part of the equation between wealth and resources. Therefore, any action involving financial transactions must be recorded in accounting for administrative purposes. Therefore, in order for their business to grow and develop, business actors must also improve their financial management. So, financial management can start with financial records, or financial statements.

Financial statements are made to show management to parties interested in the company's performance over a certain period of time. For financial decision-making, financial statements are used to understand the financial state of the company (Livi et al, 2022). Thus, UMKM actors can use financial statements to find out the financial performance of their business, expand their business, know and sort and distinguish their business financial assets, know the position of funds and resources, and know the flow of money over a certain period of time.

The focus of this research is on the preparation of financial statements based on SAK-EMKM for Micro, Small and Medium Enterprises (UMKM) of Toko Ekky located in Rinding Batu Village, North Toraja Regency. This study aims to find out the understanding of Toko Ekky owners in Rinding Batu Village in the preparation of financial statements, identify the obstacles faced in the process of preparing the financial statements, and examine how to prepare Toko Ekky's financial statements in accordance with SAK-EMKM.

The benefits of this research are divided into two, namely theoretical and practical benefits. Theoretically, this research is expected to add insight and knowledge for researchers and readers, as well as become a reference for future studies that raise similar problems. Practically, the results of this research are expected to provide guidelines and contributions for UMKM, especially Toko Ekky, in compiling better financial reports, thereby supporting future success

METHOD

The research method used in this study is a qualitative method. Qualitative research aims to understand the phenomena experienced by the research subjects, such as behavior, perception, motivation, and action, holistically. According to Sugiyono (2021), qualitative research methods are based on postpositivist or interpretive philosophy, studying the natural conditions of objects, in which the researcher plays the role of the main instrument. The results of the study emphasize more on meaning than generalization.

The purpose of this study is to describe the conditions observed in the field in detail, transparently, and precisely. The type of research used in this study is qualitative descriptive. Qualitative descriptive research aims to make a systematic description or description and produce accurate information about symptoms or phenomena in the field. This approach allows researchers to collect objective information to understand the process of preparing financial statements for Toko Ekky UMKM in Rinding Batu Village, North Toraja.

The research subjects in this study are the owners and employees of Toko Ekky in North Toraja Regency, which is considered relevant in overcoming the problems studied. Meanwhile, the object of the research is the process of preparing the financial statements of Toko Ekky UMKM. This study uses two main types of data sources, namely primary data obtained directly from UMKM actors through interviews, data on informants and field documentation. Meanwhile, secondary data was obtained through literature studies and related documents.

The data collection technique in this study involves three main methods, namely observation, interview, and documentation. In this observation technique, the researcher uses a non-participant observation method. The researcher uses this method because the researcher does not participate in the activities or lives carried out by the research subject. The interview technique used in this study is an unstructured interview, which does not use standard interview guidelines. This approach is designed so that researchers can dig deeper and broader information from informants. In addition, documentation techniques are also used to record various historical data in the form of writings, drawings or monumental works of a person which are used to analyze and confirm the results of observations and interviews.

The data analysis technique used in this study is qualitative data analysis, which involves the process of describe, reducing, classifying, and connecting data to find relevant research topics. Data were collected through observation, interviews and documentation. Data reduction is then carried out by filtering and focusing on important things, while data presentation is in the form of brief descriptions, diagrams to facilitate understanding. To ensure the validity of the data in this study, a credibility test was carried out. One way to test credibility includes the use of triangulation techniques. The triangulation technique used is the umbrella triangulation technique, which is to examine data from various sources, in different ways, and at different times.

RESULT AND DISCUSSION

Based on the results of data analysis conducted by the researcher through observation techniques, interviews, and documentation in the field with the title Preparation of Financial Statements Based on SAK EMKM on Micro, Small and Medium Enterprises (UMKM) in North Toraja Regency, it is necessary to hold a discussion of the findings. The results of the data analysis will be studied with existing theories to find out whether both are relevant in answering the formulation of this research problem.

Recording of Ekky Shop's Financial Statements

Based on the results of observations, interviews, and documentation that have been carried out during the study, This shows that the findings of this study are in line with the research of Natasha, Tinneke, and Aprili (2020), Delli Tomohon Restaurant MSMEs do not apply SAK EMKM in the preparation of their financial statements.

The application of recording financial statements at Toko Ekky in Kesu' Malenong District can be considered incomplete and can be proven by the existence of Toko Ekky's financial record book on the attachment page. The recording is only in the form of cash in and cash out, but in the preparation of the financial statements it is simple because it only refers to understanding. This shows that the findings of this study are in line with the research of Livi and Aprilli (2022) which found that UMKM businesses have not prepared financial statements. From the results of these observations, it can also be found that Toko Ekky is a micro business with evidence that its income is <Rp. 500,000,000,000 for a year. This shows that this finding is in line with the research of Rizky Cahaya Maulana (2021), which revealed that the characteristics of UMKM have been regulated in Law Number 20 of 2008.

Preparation of Financial Statements Based on Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM)

Based on the results of observations, interviews, and documentation that have been carried out during the research, the simple search conducted by Toko Ekky did not know about the Preparation of Financial Statements Based on Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM) due to knowledge factors and personal busyness. This shows that this finding is in line with his research by Azik Syaifulloh (2020), who revealed that Kycin Salted Egg UMKM have not implemented SAK EMKM.

In this study, it was also found that the financial statements of Toko Ekky can continue if the owner of Toko Ekky can and is willing to prepare financial statements based on SAK EMKM as evidenced by researchers who have prepared financial statements based on SAK EMKM with references to notes from financial statements in the form of cash inflows, cash out, and a number of interviews with owners and employees of Toko Ekky. With the existence of SAK EMKM's financial statements, it can make it easier for business owners in terms of preparing financial statements and can have a positive impact on the progress of their business.

Researchers then found that Toko Ekky could use SAK EMKM for its financial statements. This discovery is in line with the research of Muhammad Teguh Farrand and Nugraeni (2023), which found that UMKM financial statements can be made based on SAK EMKM, which has 3 components, namely financial position statements, profit and loss statements, and financial statement records. Therefore, this study provides a financial report design format that is in accordance with SAK EMKM so that it can be used by Toko Ekky to make its own financial statements.

Table 1 Report on Ekky Shop's Financial Position

Ekky Shop Financial Position Report as of June 30, 2024		
Cash		
Assets	IDR 12,811,000.00	
Rent paid in advance	Rp. 150.000,00	
Total Assets	IDR 12,961,000.00	
Liabikitas		
Equity		
Capital	Rp.12,110,000.00	
Profit for the current year	IDR 5,960,000.00	
Total Equity		Rp.18,070,000.00
Total Liability	And	
Equity		Rp.18,070,000.00

Source: Processed by researchers, 2024

Table 2 Ekky Store Profit and Loss Statement

Ekky Shop Income Statement as of June 30, 2023		
Income		
Business Income	Rp.12,110,000.00	
Miscellaneous income	-	
Total Revenue		Rp.12,110,000.00
Burden		
Payroll burden	IDR 6,000,000.00	
Electrical load	IDR 150,000.00	
Total Expenses		IDR 6,150,000.00
Profit Before Tax		IDR 5,960,000.00

Source: Processed by researchers, 2024

Table 3 Notes on Ekky Shop's Financial Statements

Notes on Financial Statements	
Ekky Shop	
As of June 30, 2024	
1. Common	
Toko Ekky was established in 1998 located in Rinding Batu Village, Kesu' Malenong District, North Toraja Regency. The entity is engaged in the field of typical Toraja handicrafts and is included in the criteria of micro, small and medium entities in accordance with Law Number 20 of 2008.	
2. Overview of Essential Accounting Policies	
a. Compliance Statement	
Financial statements are prepared based on Micro Unit Accounting Standards Small and Medium	
b. Drafting Basics	
The basis for the preparation of financial statements is the cost of hysteresis and uses the assumption of accrual basis. The currency used in the preparation of financial statements is Rupiah.	
c. Fixed assets	
Fixed assets are recorded as their acquisition costs if they are legally owned by the entity. Fixed assets are depreciated using the straight-line method with no residual value	
d. Recognition of income and expenses	
Service revenue is recognized when a bill is issued or an order has been completed and has been taken by the customer	
1. Cash	
Cash	IDR 12,811,000.00
2. Profit Balance	
The profit balance is the accumulation of the difference between revenue and expenses	
Profit Before Tax	IDR 5,960,000.00
3. Sales Revenue	
Income	Rp.12,110,000.00
4. Burden	
Salary Burden	IDR 6,000,000.00
Electrical Load	IDR 150,000.00
Sum	IDR 6,150,000.00

Source: Processed by researchers, 2024

CONCLUSION

Based on the results of the analysis conducted by the researcher, it was concluded that the owner of Toko Ekky is aware of the importance of financial statements to measure the development of his business, but the owner does not understand the preparation of financial statements. Not only about that, the reason why the owner does not use financial statements is because there is not enough time because the owner is busy with personal matters. Therefore, Toko Ekky only makes simple records in its business operational activities.

The obstacles to the preparation of Toko Ekky's financial statements include 1) The limitations of education that only high school graduates (SMA) cause them to never learn about financial management according to accounting so that they lack mastery in calculating and analyzing their financial management. 2) lack of professional human resources, the owner of Toko Ekky does not have employees who can help in the preparation of financial statements. 3) Toko Ekky is also not aware of the problem of modern tools for archiving financial report data/information. An example of a simple modern tool that can help is Microsoft Excel. Microsoft can help in the preparation of financial statements.

The recording of Ekky Shop's financial statements can be developed using Financial Statements Based on Micro, Small and Medium Entity Financial Accounting Standards (SAK EMKM) because in the recording process SAK EMKM looks at its history, so that Ekky Shop can develop and progress.

Suggestion

Based on the results of the above research, the researcher proposed suggestions for Toko Ekky. For Ekky Shop owners, it is recommended that the preparation of financial statements is carried out thoroughly, thoroughly, and measurably at the end of each period. In addition, financial statements should be prepared in accordance with SAK EMKM standards to ensure that financial statements can be an effective tool in measuring business development.

For the community, it is important to take advantage of technological developments, especially social media, to help promote Toko Ekky in North Toraja Regency to a wider audience. In addition, the public is also advised to understand the importance of recording financial statements based on SAK EMKM, which can be a guide in the management of small and medium enterprises.

For future researchers, this research is expected to be a reference and guide to compile more in-depth and comprehensive research, especially related to financial recording based on SAK EMKM. There are still many opportunities for other researchers to review this theme from different perspectives, so that it can enrich the literature and make a wider contribution in understanding the phenomenon of financial recording in MSMEs.

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