

Meaning of MSME Financial Accounting Standard for Sumber Rejeki Trading Company, Malang, East Java, Indonesia

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Abstract: SAK EMKM is an abbreviation of the Financial Accounting Standards for Micro, Small, and Medium Entities set by the Indonesian Accounting Association (IAI) for micro, small and medium enterprises. SAK EMKM is intended so that Micro, Small and Medium Enterprises (MSMEs) in preparing financial reports can comply with predetermined standards. This study aims to analyse how UD Sumber Rejeki in Malang, East Java, Indonesia implement the SAK EMKM.

This study used descriptive qualitative method. A qualitative approach is research that is rooted in a natural setting as a whole, relies on humans as research tools, conducts data analysis inductively, and directs its research objectives to efforts to find basic theories. This type of descriptive research is a method used to analyse data by describing the data that has been collected as it is without intending to make conclusions that apply to the public or generalizations.

The results of this study shows that UD Sumber Rejekimake accounting record, but not based on SAK EMKM. Some of the factors that caused the research subjects to have not implemented SAK EMKM were the owners did not know what SAK EMKM was, did not understand Financial Statements, felt that it was too complicated, and the appropriate technology was not available that could assist the implementation of SAK EMKM.

Keywords: SAK EMKM, MSME, Financial Statements, Qualitative Approach

Background

MSMEs are micro, small and medium enterprises with various business fields, some of which are in the field of culinary, fashion, crafts, agriculture and others. Micro business itself is a business owned by an individual or entity that has criteria for assets owned a maximum of 50 million and a turnover of no more than 300 million. One of the main challenges faced by MSME entrepreneurs is related with fund management. Good fund management is the key factor that can cause success or failure MSMEs. Although many other factors affect MSMEs but problems in MSMEs usually arise as a result of failure to manage funds. Practical method and effective in managing funds in MSMEs are to apply accounting well. Therefore, accounting make SMEs able to obtain important financial information in running their business. Financial information that can be obtained by MSMEs including information on company performance, tax calculation information, information company fund position, change information owner's capital, income information and cash disbursements.

SAK EMKM is an abbreviation of the Financial Accounting Standards for Micro, Small, and Medium Entities set by the Indonesian Accounting Association (IAI) for micro, small and medium enterprises. By implementing SAK EMKM, MSME owners can find out the development of their business as a basis for making business decisions and can calculate the amount of tax. Besides that, it can also control the operational costs of the business so that it can decide what steps to take when knowing the information because the going in and out of money and any goods can be recorded in a systematic and controlled manner. In addition, the MSMEs will also be able to improve the quality of the MSME financial reports.

SAK EMKM is intended so that MSMEs in compiling financial reports can comply with established standards. Sometimes many MSMEs carry out social activities such as giving bonuses to employees and customers, giving donations to social institutions that are not included in the recording so that the listed profit is gross profit. The problem that will arise if MSMEs do not apply SAK EMKM, first is that they will experience difficulties in business planning, this is because bookkeeping is very important for the running of a business, especially for businesses that are quite large. The application of SAK EMKM is carried out to optimize the costs and also as a plan. When recording for a business, you can see the running of the business through the records that have been made. Second, MSMEs will have difficulty in controlling costs because every cost in the business that is run needs to be recorded correctly and clearly. The costs that need to be recorded include costs incurred for purchasing inventory and for operational needs. With the financial statements, the details of the costs in this business will be clearly monitored within a period. Every detail of the costs recorded in the financial statements will help MSMEs to determine the selling price of the product. MSMEs will also be helped in calculating the amount of profit and loss obtained. If there is no financial report, it will be difficult to

determine the selling price of the product and find out the amount of profit and loss. Third, MSMEs will have difficulty in calculating taxes because when the business starts to grow and the income has met the requirements for tax payments, it will be taxed according to business income. Financial statements can be used to determine how much tax should be paid. The tax imposed by MSMEs is Final Income Tax (PPh). Final income tax for MSMEs is a tax on income from business obtained by taxpayers who have a turnover or gross turnover of less than IDR 4.8 billion in one year. Fourth, MSME owners will not be able to find out how their business is developed in real terms, MSME owners only know the development of their business based on estimates and wishful thinking.

The results of research by Mihadi (2018), Eka (2018), Shonhadji et al. (2017) show that most of the MSMEs in South Tangerang, Pekanbaru, and Surabaya have not implemented SAK EMKM due to a lack of understanding of the importance of recording and compiling financial reporting. It can be concluded that there are still many MSMEs that have not implemented SAK EMKM. Based on those studies, this research aims to observe whether UD Sumber Rejeki in Malang, East Java, Indonesia has implemented SAK EMKM. In addition, it is also to find out whether MSMEs that do not apply SAK EMKM are because they have used SAK ETAP (Financial Accounting Standard Entity Without Public Accountability) or do not apply both. So that if one of the SAKs is still not implemented, it can be followed up or addressed immediately so that MSMEs can immediately implement SAK EMKM. By making efforts to assist MSMEs at UD Sumber Rejeki in compiling Financial Reports in accordance with SAK EMKM by using Microsoft Excel, it will make it easier for MSMEs to apply SAK EMKM so that it will make it easier for MSME owners to obtain information as needed.

Research Method

This study is descriptive research. Based on Sugiyono's statement (2013) descriptive research is a method used to analyse data by describing the data that has been collected as it is without intending to make conclusions that apply to the public or generalizations. The object of this research is UD Sumber Rejeki UMKM in Malang, East Java, Indonesia. The researcher chose the object of this research because the MSME has been established for more than one year. The data of this study are primary and secondary data. Primary data is data taken directly from research subjects, namely the owners of MSMEs UD Sumber Rejeki. The data in this study include data from interviews with MSME owners, and data from observations. Secondary data is carried out by means of a literature study, namely by studying, researching, reviewing, and reviewing the literature that is related to the problem under study.

Data collection methods used in this study are observation, documentation, and interview. Observation means collecting data or information by observing directly to the place to be observed. This observation is carried out to determine the initial conditions of MSMEs that will be selected as research subjects. Documentation means information that comes from important records either from institutions or organizations or from individuals. Documentation of this research is taking pictures by researchers to strengthen the results of research, it can be in the form of writing, pictures or monumental works of someone.

Interview is a data collection technique with a survey method that uses questions orally to research subjects. Interviews were conducted on the owners of MSMEs to be studied. The questions that asked to research subjects consists of three parts; company profile, SAK EMKM, and financial conditions of the company. Table 1 below is the description about these questions.

Table 1
Questions in Interviews

Company Profile	SAK EMKM	Recording
a. What is the last education of the MSME owner? Is it related to the department/faculty of economics?	a. Do you as the owner of this MSME know what SAK EMKM is?	a. Sales transactions carried out every day are carried out in cash or credit? How is the recording done either on credit or in cash?
b. What products are offered by this MSME?	b. Have this MSME implemented SAK EMKM?	b. Are there any special requirements for buyers to be able to make purchases on credit?
c. How does this MSME market or offer its products or services to consumers?	c. If it has not implemented what are the things that cause MSME not to apply SAK EMKM?	c. Are records of equipment, tools, supplies and other things held by MSME done? If not, how to find out the amount of equipment, tools, supplies and
d. Does this MSME have several branches? If so, where are the branches?	d. What financial data do MSME have?	
e. How many MSME employees are there?	e. What kind of financial records are needed in this MSME?	
	f. Do MSME owners want to	

<p>f. What does this MSME hope and aspire to?</p> <p>g. How much turnover does this MSME get every month?</p> <p>h. How much profit does this MSME earn every month?</p>	<p>implement SAK EMKM?</p> <p>g. Is there a separate section that handles finances in this MSME?</p> <p>h. Does MSME ask for proof of transactions when purchasing merchandise inventory and other business-related transactions? If so, is the evidence kept?</p> <p>i. Is there any special treatment for consumers who are close to the store location?</p> <p>j. Is every donation of funds/donations for social activities and bonuses included in the business registration?</p> <p>k. Are any donations/donations and bonuses taken from the shop?</p>	<p>others?</p> <p>d. Does MSME have fixed assets such as buildings, vehicles or others that are used for MSME needs every day? And is there a recording of a list of assets owned?</p> <p>e. Have MSME ever made purchases on credit? If so, how is the debt recorded?</p> <p>f. Have MSME ever received a source of funds or loans from banks or other institutions as a source of capital?</p> <p>g. Is every withdrawal for the owner's purposes recorded?</p> <p>h. Can some of the profits be used as capital for further MSME activities?</p> <p>i. Has every MSME income recorded so far?</p> <p>j. Have MSME been calculating the cost of goods sold so far?</p> <p>k. Do MSME always record the costs incurred for business needs?</p> <p>l. Are all costs incurred outside of business needs borne by all MSME?</p>
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Results and Discussions

Company Profile

UD Sumber Rejeki was founded in 2018 by Mr. Muhammad Tri Faisal A on Suropati Raya Street, Bululawang District, Malang, East Java, Indonesia. The owner of the MSME has a educational background of Diploma 3 Polynema Electrical Engineering and states that the owner has never studied accounting. The products offered by MSME include basic necessities, snacks, beverages, LPG, ice cream, toiletries, powder, laundry soap and others. The way these MSME market or offer their products to consumers is by being marketed directly, consumers come to the store and just try to market through the Otto Kasir application. Currently, this MSME does not have a branch. UD Sumber Rejeki has 6 employees, but in the sales process and financial records is still assisted by MSME owners.

The owner of UD Sumber Rejeki has several ideals or hopes, namely in the future they want to be able to create branches in many places and for online marketing to run smoothly and generate high turnover. For a monthly turnover of approximately IDR 450,000,000 with gross profit before deducting the cost of employee salaries of IDR 45,000,000.

Accounting Information Systems of UD Sumber Rejeki

The Accounting Information System that has been implemented at UD Sumber Rejeki is the Cash Sales Accounting Information System. Every time the company fill in the store's inventory, all items are directly scanned by the barcode into the system and inputted with the name of the item, the purchase price of the item, and the selling price of the item. After the goods are inputted in the system, some items are directly displayed in the store.

When a buyer is going to shop, the buyer immediately chooses and picks up the items to be purchased. After all the items have been added to the basket, the buyer goes directly to the cashier to pay. The items in the basket are scanned by the cashier's barcode on the computer, and write down the amount. After all the purchases are scanned on the computer, the total amount of purchases that must be paid by the buyer will appear. The cashier will print a receipt to be given to the buyer.

All goods that have been sold every day have been inputted into the system, so the owner can check the sales report every day on the system. In the sales report there are any items that have been sold, the quantity of

goods and the total amount. The system has recorded the remaining store inventory along with the total amount. Every day there is a total gross profit report obtained from the total goods sold minus the purchase price.

The results of interviews conducted with Mr. Muhammad Tri Faisal A as the owner of UD Sumber Rejeki explained that this MSME only had financial data, merchandise inventory data on the system, daily sales data on the system, cash out notes that were written manually on sheets of paper, as well as the Gross Profit Report in the system, namely from the total daily sales minus the cost of the product. Every day when the shop closes, just calculate all income minus expenses for that day plus the initial cash balance. The owner admits that actually owned MSMEs need a Net Profit Report to find out the net profit of the business, and a Balance Sheet to find out the amount of assets and debt and current owned capital. The owner felt the need for the Financial Records after the researcher explained about several financial statements. The owner also wants to apply SAK EMKM but the owner does not really understand about accounting and financial reporting. In addition to that, there is also no separate section that handles MSME finances, the system that is owned is also still limited, it can only report gross profit and sales data every day, MSME finances are currently still managed by the owner. For now, every time there is a purchase or sale transaction, the owner always asks for a note or provides a note.

Sales transactions at UD Sumber Rejeki are carried out daily in cash and credit. For each direct sales transaction, employees are inputted into the system, for credit transactions, no recording is carried out, but only white receipts are collected and affixed to the window. For credit sales requirements, namely with a minimum transaction of IDR 200,000 and a minimum of 5 transactions.

There is no special treatment for buyers who are located near the store or far from the store. When you want to do debt transactions, you must meet the requirements. For consumers who make purchases in large quantities, will be given a bonus by the owner. The bonus is not taken from business finances but from personal money. Every week the owner also gives bonuses to employees in the amount of IDR 175,000 for 6 employees. Every day there is also a donation to the mosque in the amount of IDR 10,000, this donation is taken from the store's finances and recorded in the cash out record.

Assets and supplies of materials and merchandise inventory owned by MSMEs have never been recorded to find out the existing inventory, the owner directly checks the goods. At UD Sumber Rejeki has never received a loan from banks for business capital, business capital is obtained from loans from the parents of MSME owners. For the purchase of merchandise inventory, the owner also makes purchases on credit but never records the amount owed, only collects purchase notes. When making debt payments, employees only record in cash out. The owner never withdraws money for needs other than business operational needs. For the sales results obtained every day are always deposited all to be used as additional business capital. So far, the owner has never calculated the cost of goods sold per product. The owner never calculates the net profit after deducting the cost of salaries and operating costs, so far, the owner only knows the gross profit from the available system. For all costs incurred to meet the needs of the families of the MSME owners are not borne by the MSME.

SAK EMKM

Based on the results of interviews with owners of UD Sumber Rejeki, information was obtained that MSME owners did not know what SAK EMKM was, so the owners had never tried to implement SAK EMKM. Some of the things that cause MSME not to implement SAK EMKM include:

- a. The owner of the MSME does not know what SAK EMKM is.
- b. MSME owners do not understand financial statements so they cannot make them.
- c. MSME owners view that financial statements are not important because they do not have to report finances to other parties.
- d. MSME owner doesn't want to be complicated.
- e. MSME owner doesn't have time / no time.
- f. The business has been under control even without SAK EMKM.
- g. There is no available technology that can assist in the implementation of SAK EMKM.
- h. The owners feel that they are too busy with MSME work and household chores.
- i. MSME owner educational background is not in the field of accounting.
- j. The owner feels that implemented SAK EMKM is unimportant because he doesn't have a branch yet.

Discussions

Based on the data obtained by researchers using the interview method, it is known that UD Sumber Rejeki have not implemented SAK EMKM. Below is the discussion about the reasons not implemented SAK EMKM by UD Sumber Rejeki.

- a. The owner of the MSME does not know what SAK EMKM is, this is because SAK EMKM has only been enacted on January 1, 2018. Therefore, there are still many MSMEs who do not know about the Financial Accounting Standards. In addition, the research subjects have not been registered with the Malang Regency

- Cooperatives and MSMEs Service, so that if there is any training or seminar on MSMEs including the financial records of MSMEs, the research subjects do not get this information.
- b. MSME owners do not understand financial statements so they cannot make them. This is because the research subjects do not have an educational background related to finance, so the research subjects do not know the benefits of financial records. The subjects of this study were limited to recording financial sales on the system, while cash outflows were recorded only manually. Financial records are very important for business owners so that they can get information about business finances, so that MSME owners can determine what they should do when they find out the financial information. This is in line with Rivai's (2013) statement which states that the systematic recording of financial statements can provide financial information about the results of operations in an accounting period, can provide reliable cash information regarding the financial position of the business, can provide information that can help interested parties such as investors, banks, and others to assess the condition and potential of a business and to provide other important information relevant to other interested parties. So that through good financial reports it will affect the development of the business so that it can find out reports on expenses and income. In addition to the above, it can also increase the knowledge of business owners about the importance of managing business finances and planning finances in order to minimize losses due to mistakes made by themselves. With well-managed finances, it is hoped that business profits can increase and be able to develop their business.
 - c. MSME owners view that financial statements are not important because they do not have to report finances to other parties. This is in line with factors a and b above, that it relates to the knowledge of MSME owners regarding SAK EMKM.
 - d. Don't want to be bothered. this is because the implementation of SAK EMKM according to the MSME owners is considered too difficult, and requires a lot of data to make the financial report. In accordance with Hetika's research (2018) which states that MSMEs who have received accounting training feel that accounting is too complicated.
 - e. No time / no time. This is because MSME owners already feel busy with managing their business, and there is not enough time to make financial reports, in accordance with Hetika's research (2018) which states that the time it takes to run business activities makes it difficult to set aside time to record transactions and prepare financial reports.
 - f. The business has been under control even without SAK EMKM. This is because the owners of MSMEs view that the application of SAK EMKM is not important for the continuity of their business when in fact the application of SAK is very important to determine an action that must be taken by the owner when under certain conditions it is informed in the financial statements of the business. In accordance with Savitri's (2018) statement that if MSMEs have made relevant, accurate and reliable accounting records, it will definitely make it easier for MSMEs in the process of applying for loans to banks. To create the MSME sector with good, professional and competitive financial management, an element of "must" is needed in financial recording and reporting. These "must" elements can be implemented in the form of requirements that must be met by MSMEs to obtain financing.
 - g. Lack of adequate technology. This is because MSME owners feel that the current system is still inadequate for making financial reports in accordance with SAK EMKM. So they still need a system that can be used to make it easier to make financial reports such as Microsoft Excel and accounting application programs such as Zahir, Myob and others. In accordance with research conducted by Tatic (2018), it is explained that MSMEs often experience obstacles in developing their businesses. MSMEs face various obstacles or problems caused by low education, lack of understanding of information technology and others.
 - h. The owner feels that he is too busy with the work of SMEs. This is because the owner of the MSME has taken care of all the parts in the business, because there is no separate part that takes care of the finances of the MSME. This is in line with the factor in point e, that the MSME owners have a lot of time to carry out business activities.
 - i. The owner's educational background is not in the field of accounting, so the owner does not understand what SAK EMKM is, and does not know how to properly report financials. So far, the owner only has a Gross Profit report in the system which is obtained from sales minus the cost of the product. Not deducted by the costs used for business operations.
 - j. The owner feels unimportant because he doesn't have a branch yet. This is because the owners of MSMEs feel that those who need the application of SAK EMKM are businesses that are already large enough and require more control so that all branches of their financial business can be controlled. Although the business that is run is still on a small scale, it actually still has to make financial records by implementing SAK EMKM. This is in line with Kurniawati's research (2012) which states that there are still many small businesses that are less aware of the role of accounting for a business. If this accounting is applied properly

and adequately, it can help increase their business and can produce a report that can be trusted and reliable so that it can be used for various purposes by business managers.

Conclusion

The results of the study show that UD Sumber Rejeki had made simple records by making cash inflow data, cash outflow data, recording merchandise inventory data and making sales receipts. So that the system will be able to see the gross profit of the business obtained from total sales minus the purchase price. Financial recording is carried out in a simple manner and is not in accordance with the applicable standard rules for recording financial statements. Some of the factors that caused the research subjects to have not implemented SAK EMKM were the owners did not know what SAK EMKM was, did not understand Financial Statements, felt that it was too complicated, and the appropriate technology was not available that could assist the implementation of SAK EMKM.

For treatment to people close to the store, there is no special treatment related to purchases, everyone can pay debts when they meet the requirements with a minimum transaction of IDR 200,000 and a minimum of 5 transactions. Bonuses to customers and employees are taken from the owner's personal funds so that they are not recorded. The social activity that is routinely carried out by MSMEs is by giving a daily donation of IDR 10,000 to the mosque which is recorded on the cash out sheet.

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