

***Evaluation of the Implementation of SAK EMKM on Financial Statements at MSMEs Assisted by the Bekasi City Government for the Period of January 2020 (Study in Jatiasih Subdistrict)***

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**Abstract** - This study aims to evaluate how the implementation of SAK EMKM on financial reports at the Bekasi City Government MSMEs with a study in Jatiasih sub-district. This research uses descriptive research with a qualitative approach. The population of this study was the UMKM assisted by the Bekasi municipal government in 2020. The sample was determined based on the purposive sampling method, with a total sample of 5 MSMEs. The data used in this research is secondary data. The results showed that the financial reporting practices carried out so far at the Bekasi municipal government assisted MSMEs examined in this study were financial reports which only consisted of records of business financial transactions within a one month period. Then the practical and theoretical understanding of the Bekasi municipal government fostered MSMEs examined in this study regarding SAK EMKM is that they do not have an understanding both in theory and in practice of its application. Analysis of the evaluation of the application of financial reports based on SAK EMKM at the Bekasi City Government Micro, Small and Medium Enterprises (MSMEs) under the auspices of the Bekasi City Government which was examined in the study found differences in financial reporting components where in practice the currently applied financial statements only contain journals of product / service sales transactions, business operational payments, goods purchases and salary payments, meanwhile, the preparation of financial statements that refer to SAK EMKM can contain more complete components including the Profit and Loss Report, the Statement of Financial Position and Notes to the Financial Report. Comparison of preparation shows a more comprehensive business financial condition.

**Keywords** : SAK EMKM, UMKM, Financial Report, Jatiasih

## **I. Preliminary**

*The stretching of the national economy through the growth of Small and Medium Enterprises (MSMEs) in Indonesia is growing. In 2014-2018 alone, the number of MSMEs was more than 64 million units, with a growth rate of 2% per year. The growth of MSMEs has made this real sector the backbone that supports the Indonesian economy to face the global crisis.*

*MSMEs are trading businesses managed by business entities or individuals referring to productive economic enterprises in accordance with the criteria stipulated by Law Number 20 of 2008. According to data from the Ministry of Cooperatives and SMEs, MSMEs have become the backbone of the Indonesian and ASEAN economies. Around 88.8-99.9% of businesses in ASEAN are micro, small and medium enterprises with employment reaching 51.7-97.2%. This business has a proportion of 99.99% of the total business actors in Indonesia or as many as 56.54 million units.*

*The development of the potential of MSMEs in Indonesia is inseparable from the support of banks in lending to MSMEs players. According to Bank Indonesia data, each year, credit to MSMEs has grown. Even though in 2015, around 60% -70% of this sector did not have access to financing through banks. Bank Indonesia itself has issued provisions requiring banks to allocate credit / financing to MSMEs starting in 2015 at 5%, 2016 at 10%, 2017 at 15%, and at the end of 2018 by 20%.*

*Seeing the tremendous potential of the UMKM sector, the government specifically provides support so that MSME players can continue to grow with an increasing level of financial independence. Some forms of government support include:*

- 1. Evidence of government support in the taxation sector for Micro, Small and Medium Enterprises (MSMEs) in the form of lowering the UMKM Final PPh rate from 1 percent to 0.5 percent. To support the profits and business expansion of MSMEs.*
- 2. Speed up licensing in business by launching a single submission licensing application. This application is given the convenience of investing through the application of an integrated electronic business licensing system.*
- 3. Established a Revolving Fund Financing Institution - Koperasi Micro Small and Medium Enterprises (LPDB-KUMKM). With the interest scheme distributed, namely between 4.5 percent to 7 percent per year.*
- 4. Through the Ministry of State-Owned Enterprises (BUMN), the PKBL program or the Partnership and Community Development Program is organized. PKBL is a Small Business Development Program and empowerment of environmental conditions by BUMN through the use of funds from the BUMN's profit share.*
- 5. Expanding market access for MSMEs, for example the Mall-to-Mall exhibition program in collaboration with the APBI (Indonesian Shopping Center Association), the Go Online 100,000 Micro, Small and Medium Enterprises (UMKM) movement program, the existence of BUMN Creative Homes (RKB) to increase insight and the competitiveness of business actors initiated by PT Telkom Indonesia (Persero) Tbk.*

*The high potential of MSMEs in Indonesia in the development of economic sector growth is not matched by the quality of MSMEs themselves. Such as the lack of goodness of MSMEs in processing financial reports which is a key factor in the success of an MSME. The presentation of financial reports that do not meet standards is the most fundamental problem in MSMEs, because of that, MSMEs experience many obstacles in preparing financial reports, lack of skilled MSME actors in recording and preparing financial reports. The information presented in the financial statements of business actors is still limited to information on revenue and expenditure.*

*This condition is experienced by MSMEs that are fostered by the Bekasi City Cooperative and UMKM Office. Currently, based on 2019 data, there are nearly 3000 UMKM units that are fostered partners of the Bekasi City Government. In addition to focusing on financial empowerment and market availability, the Bekasi City Government also assists the MSMEs*

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that they foster in accounting and finance through financial preparation training involving academics. ( <http://dakta.com/news/19027/pemkot-bekasi-fokusi-pemberdaya-pelaku-umkm> , accessed on 28 May 2020) .

*It's just that, from a number of existing assisted MSMEs, only around 15-20% have been able to compile financial reports in accordance with existing accounting standards. Some of the problems that occur are due to the low quality of human resources for managing MSMEs, incomplete mentoring, and the lack of attention of MSME actors to improve their business financial management system .*

*Initial observations made by the researchers on micro and small business units in the Jatiasih area, UMK business units or micro and small businesses in the Jatiasih area were quite dominated by types of trade, food and beverage, timber and services. Until 2019, there were 138 micro and small businesses in the Jatiasih area, this number is not yet fully valid due to the economic census of micro and small businesses that are still running today by BPS Bekasi City. This number shows the high potential of SMEs in Jatiasih, but with reference to the percentage of the number of UKM players who are only 20% implementing SAK EMKM, then in Jatiasih there are still many UKM players running so far, namely manual financial reports, shopping for materials, maintenance and feed, and income from sales, then saved back for the next capital after deducting the profit.*

*The financial statements were originally prepared to determine the financial flows of the business, the profits and losses earned and the ability of assets owned by the business. At MSMEs in Jatiasih, this condition has not yet occurred where the theoretical and practical application of financial reports has been manual and conventional.*

*Business financial reports are very important for business actors, especially MSMEs, which have been growing so far. The phenomenon encountered by one of the business actors above is that the applied financial statements are the recording of financial transactions, without any accumulated accounting for profit and loss by calculating current operating expenses. This shows that business actors still lack understanding of theoretical and conceptual financial reports. Meanwhile, the current development of financial reports for MSMEs has grown, where the MSME sector has been regulated and a financial report format is provided by adopting financial accounting standards for the micro and small sectors.*

*In 2009, DSAK IAI issued the Financial Accounting Standards for Entities without Public Accountability (SAK ETAP) which were also intended for use by small and medium-sized entities. SAK ETAP is one of the complete financial accounting standards, then made easier by the existence of another accounting standard, namely SAK EMKM. The existence of SAK EMKM is expected to be able to help MSME players to compile complete financial reports, making it easier for MSME players to get access to funding from various financial institutions. SAK EMKM came into effect by IAI (Indonesian Accountants Association) on January 1, 2018. Although SAK EMKM is simple, the presentation of financial statements can provide reliable information.*

*(IAI, 2016) preparation of financial statements based on financial accounting standards including evidence of improved financial statement presentation processes, the effect of which is increased confidence in financial statements. Micro, Small and Medium Enterprises (EMKM) are entities without significant public accountability, which meet the definition and criteria of micro, small and medium enterprises as stipulated in the prevailing laws and regulations in Indonesia. In the practice of financial reporting according to SAK EMKM in the micro and small businesses studied, the researcher asked how business actors knew about SAK EMKM and whether business actors knew what financial reporting was in accordance with these standards.*

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*The level of understanding of business actors from the initial interview shows that SAK EMKM not many business actors know about it if they apply it in their business financial reporting. This description shows the weaknesses of the application of financial reports and the adoption of accounting standards, especially for small and micro entities (SAK EMKM) in micro and small businesses.*

*Financial reports as part of making business decisions are very important for business actors to understand. In the case of the MSME sector, the potential they have and the financing opportunities that have been rolling from the government and the private sector, should be welcomed by the application of financial accounting books that are in accordance with the entity.*

*The growth potential of MSMEs in Indonesia should be noted because this business is the strongest sector in facing global challenges. However, from the phenomena found in the MSME sector in Jatiasih, Bekasi City, the understanding and application of financial reports based on accounting standards is still very low. The formulation of the problem of how the financial reporting practices of the Bekasi municipal government-assisted MSMEs have been running so far, how to understand the practical and theoretical understanding of the Bekasi municipal government-assisted MSMEs regarding SAK EMKM, how to compare financial reports by the Bekasi City Government-assisted MSMEs that are applied with SAK EMKM. Research objectives Financial reporting practices at the Bekasi municipal government assisted MSMEs that have been running so far, Understanding the practical and theoretical understanding of the Bekasi municipal government assisted MSMEs regarding SAK EMKM, Comparison of financial reports by the Bekasi City Government-assisted MSMEs applied to SAK EMKM.*

*Micro, Small and Medium Enterprises need a financial management strategy, where the strategy is made with the aim that MSMEs can run well and be able to increase business productivity. As in Afrizal Purba's research (2019) regarding the analysis of the application of SAK EMKM in preparing MSME financial reports in Batam City, MSME actors only compile reports on business activities which they consider to be financial reports. Then the MSME actors also have not implemented the correct accounting cycle, which has not started with journaling transactions, posting to ledgers, making trial balances, adjustments, work sheets, until the issuance of financial reports. Also from financial components that have not adjusted to standards such as statements of financial position, income statements, changes in equity, cash flow statements and notes to financial statements. The factors forming this weakness are due to the lack of understanding of MSME actors on SAK EMKM, and the missing resources for compiling business financial accounting (Purba, 2019).*

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*From the problems that have been described above, the researcher was interested in further research with the title - **Evaluation of the Implementation of SAK EMKM on Financial Statements at MSMEs Guided by the Bekasi City Government for the January 2020 Period (Study in Jatiasih District).***

### ***Formulation of the problem***

*From the background of the problem above, the following problem formulations can be made:*

- 1. What is the practice of financial reporting at the UMKM assisted by the Bekasi municipal government that has been running so far?*
- 2. How is the practical and theoretical understanding of the assisted MSMEs of the Bekasi municipality regarding SAK EMKM?*

3. *How does the comparison between the financial statements of the UMKM assisted by the Bekasi City Government which are applied with the SAK EMKM?*

### ***Research purposes***

*This study aims to provide empirical evidence for:*

1. *The practice of financial reporting at the Bekasi municipal government assisted MSMEs that has been running so far.*
2. *Practical and theoretical understanding of the assisted MSMEs of the Bekasi municipal government regarding SAK EMKM.*
3. *Comparison of financial reports by the Bekasi City Government-assisted MSMEs which are applied with SAK EMKM.*

## ***II. Theoretical basis***

### ***Definition of Accounting***

*Accounting can simply be interpreted as financial information on the financial condition of a company. In a company, accounting becomes important because by applying accounting, the company in compiling its financial records becomes tidier, and is also beneficial for company owners and those who want to know the company's financial condition. Rudianto (2012) Accounting is an information system that produces financial information for interested parties regarding the economic activities and conditions of a company. Bahri, (2016: 2) Accounting is the art of recording, classifying, summarizing, and reporting on a transaction in such a way, systematically in terms of content, and based on generally accepted standards. This definition emphasizes accounting as a system of recording, classifying, summarizing, and reporting on a financial transaction in a company by adopting generally recognized accounting standards. Samryn (2014: 3) in general accounting is a system used to convert data from transactions into financial information. In this understanding, it is concluded that accounting is a description of information that will help companies make decisions within a company.*

### ***Accounting Principles***

*(Bahri, 2016: 3) accounting as a process of changing the transaction data into information keudream, then there is some p r insip that is in process. There are principles in accounting which include:*

1. *Business Continuity ( Going Concern )  
Business Continuity is a business continuity, this concept assumes that a company will continue and is not expected to occur in the future liquidation come*
2. *Business Unity ( Business Entity )  
This concept assumes that the company company is viewed as a business unit that stands alone, and separate from its owner.*
3. *Period Accounting ( Accounting Period )  
Accounting period is the company's activities that are presented in financial statements prepared per reporting period.*
4. *Unity of Measurements ( Measurent Unit )  
This concept assumes that all transactions that occur will be expressed in the form of money (in terms of the currency used is the country where the company is established).*

5. *Evidence Objective ( Objective Evidences )*  
*Information that occurs must be conveyed objectively. An information is said to be objective if the information is reliable, so that the information presented must be based on existing evidence.*
6. *Disclosure Fully ( Full disclosure )*  
*This concept considers that matters relating to financial statements must be adequately disclosed.*
7. *Consistency ( Consistency )*  
*This concept requires that companies must apply the same accounting method from one period to another so that financial statements can be compared.*
8. *Realization ( Matching Expense With Revenue )*  
*This principle matches current period income with current period expenses to find out how much profit and loss for the current period.*

### **Accounting and Type of Business**

*Samryn (2014: 14) discussed accounting in accounting and this type of business is one of the basic parts of understanding financial accounting. Emphasis is placed on the introduction of the accounting cycle for each business sector consisting of service companies, trading companies and industrial companies. The types of companies are:*

1. *Service Companies*  
*A service company is a company whose main activity is to provide certain services and obtain income from the activities of providing these services.*
2. *Trading Company*  
*A trading company has the main type of activity in business is buying goods and reselling them in the same form.*
3. *Industrial companies*  
*The main form of activity for industrial companies is to purchase raw materials which are then transformed through the production process and sold in other forms.*
4. *Non-profit Organizations*  
*In short, a non-profit organization is a type of organization that is not oriented towards profit or profit, even though there are transactions or financial flows in the implementation of the organization.*
5. *Industrial companies*  
*The main form of activity for industrial companies is to purchase raw materials which are then transformed through the production process and sold in other forms.*
6. *Non-profit Organizations*  
*In short, a non-profit organization is a type of organization that is not oriented towards profit or profit, even though there are transactions or financial flows in the implementation of the organization.*

*According to Bahri (2016: 4) each type of business requires a specific accounting process specification and report form. Type mainly affects the accounting process associated with the typical accounts in each line of business of the company's main activity and investment. The types of companies are:*

1. *Service Companies*  
*Service companies are companies that sell services. The company provides services, and provides beauty and pleasure to consumers.*
2. *Trading Company*  
*A trading company is a company whose activities are to sell goods without changing the shape of the goods sold.*



3. ***Industrial Companies***

*Industrial companies are companies that process raw materials into finished products that are ready for sale.*

*Based on the above theory, it can be concluded that financial accounting is needed in theory and practice by various types of organizations and companies, both organizations / companies engaged in business for profit and non-profit organizations ( non-profit ). Based on the type of accounting with a typical account, there are 3 types of companies that use the accounting process, namely trading companies, service companies and industrial companies.*

***Financial statements***

*An important aspect of corporate finance is the existence of financial reports, which document data on all the company's financial transaction flows. Financial reports as data and company financial information have benefits not only for company owners, but also for parties related to the company such as investors, shareholders and the company public. (Rudianto, 2012) Financial statements are records of financial information from a company in an accounting period that can be used to describe the performance of the company. In this definition, it is emphasized that the financial statements describe financial conditions in a certain period. (Samryn, 2014: 30) in general, financial statements include summaries that can describe the financial position, results of operations, and cash flows as well as changes in equity of an organization in a certain period of time. In this definition, the financial statements include the financial position, results of operations and cash flow as well as changes in the equity of the company during a period.*

*According to (Samryn, 2014: 30) in general, financial statements include summaries that can describe the financial position, results of operations, and cash flow as well as changes in equity of an organization in a certain period of time. In this definition, the financial statements include the financial position, results of operations and cash flow as well as changes in the equity of the company during a period. The financial report in the company is an important aspect that must be owned by a company to determine the company's financial condition. The various definitions above can be concluded that financial statements are records of company financial information which include financial position, results of operations, and cash flows as well as changes in equity, within a certain period of time.*

***Definition of UMKM***

*Tambunan. (2012: 2) Micro, Small and Medium Enterprises are one type in the industrial classification field. MSMEs are productive business units that are independent, carried out by individuals or business entities in all sectors of the economy.*

*Micro businesses have a turnover or sales of Rp.300,000,000 (three hundred million rupiah) annually, and have annual assets (net assets) of Rp.50,000,000 (fifty million rupiah) which do not include land and buildings for business premises.*

*Small businesses have an annual turnover or sales of more than Rp.300,000,000 (three hundred million rupiah) up to a maximum of Rp.2,500,000,000 (two billion five hundred million rupiah) and a net worth of more than Rp.50,000,000 (fifty million rupiahs). rupiah) up to a maximum of Rp. 500,000,000 (five hundred million rupiah) excluding land and buildings for business premises.*

*Medium-sized enterprises have a turnover or sales of more than IDR 2,500,000,000 (two billion five hundred million rupiah) up to a maximum of IDR 50,000,000,000 (fifty billion rupiah), and also have net assets that do not include land and buildings. business, namely more than Rp. 500,000,000 (five hundred million rupiah) up to a maximum of Rp. 10,000,000,000 (ten billion rupiah).*

### **Financial Accounting Standards for Micro, Small and Medium Entities**

IAI, 2016) SAK EMKM is designed to meet the financial reporting needs of MSMEs. It is hoped that the EMKM SAK reporting framework can assist entities in making the transition from reporting based on cash to reporting based on accrual basis. The Indonesian Institute of Accountants issued an Exposure Draft of Financial Accounting Standards for Micro, Small and Medium Enterprises (ED SAK EMKM) which was approved by the Financial Accounting Standards Board (DSAK) on 18 May 2016, which became effective from 1 January 2018.

(Indonesian Institute of Accountants, 2018) The issuance of SAK EMKM is due to a need related to simpler accounting standards due to limited human resources. SAK EMKM is simpler than the Financial Accounting Standards for Entities without Public Accountability (SAK ETAP) because it regulates transactions generally carried out by EMKM.

SAK EMKM, (2016: 1) SAK EMKM is an independent SAK and does not refer to general SAK, objectives, qualitative characteristics, elements of financial statements, and also the concept of recognition is not the same as general SAK. According to IAI, Micro, Small and Medium Enterprises (EMKM) are entities without significant public accountability, which meet the definition and criteria of micro, small and medium enterprises as stipulated in the prevailing laws and regulations in Indonesia, for at least 2 consecutive years.

### **Objectives and Characteristics of SAK EMKM Financial Statements**

IAI (2018) financial statements presented according to SAK EMKM have the same objectives as financial reports in general. The purpose of financial statements according to SAK EMKM is to provide information on the financial position and financial performance of an entity that is useful for a large number of users in making economic decisions by anyone who is not in a position to request specific financial reports to meet these information needs. These users include providers of resources to entities such as creditors and investors. In fulfilling its objectives, financial statements also show the accountability of management for the resources entrusted to it. The purpose of implementing SAK EMKM in MSME financial reports is to provide convenience (IAI, 2018). The characteristics of MSME financial reports that are regulated in SAK EMKM are at least consisting of: Financial position reports at the end of the period.

Information on an entity's financial position consists of information about the entity's assets, liabilities and equity as of a specific date, and is presented in the statement of financial position. These elements are defined as follows according to (SAK EMKM, 2018):

- A. Assets are resources that are held by the entity as a result of past events and from which the entity expects to receive future economic benefits.
  - B. Liabilities are present liabilities of an entity that arise from past events whose settlement results in an outflow of the entity's resources that contain economic benefits.
  - C. Equity is the residual interest in the assets of the entity after deducting all of its liabilities. The entity's statement of financial position includes the following items:
    - a) Cash and cash equivalents
    - b) Accounts Receivable
    - c) Inventory
    - d) Fixed assets
    - e) Accounts payable
    - f) Bank loans
    - g) Equity
1. Income statement for the period

Information on the entity's performance consists of information about income and expenses during the reporting period, and is presented in the income statement.



- a) *Income is an increase in economic benefits during the reporting period in the form of cash inflows or an increase in assets, or a decrease in liabilities that results in an increase in equity that does not come from the contribution of investors.*
- b) *Expenses are decreases in economic benefits during the reporting period in the form of cash outflows or decreases in assets, or increases in liabilities that result in decreases in equity that are not due to distributions to investors.*

*The entity's income statement includes items of income, finance expense and tax expense.*

2. *Notes to financial statements containing additions and details of certain relevant items. Notes to the financial statements contain:*
  - a) *A statement that the financial statements have been prepared in accordance with SAK EMKM.*
  - b) *Summary of accounting policies.*
  - c) *Additional information and certain post details describing important and material transactions so that it is useful for users to understand financial statements.*

### **III. Research Methods**

#### **Research Strategy**

*Qualitative research is always descriptive, meaning that the data analyzed and the results of the analysis are in the form of descriptions of phenomena, not in the form of numbers or coefficients about the relationship between variables (Aminuddin, in Helaluddin, 2018). Based on this opinion, this study used a qualitative descriptive research strategy, which was based on the research objectives describing the evaluation of financial statements at the Bekasi City Government's MSMEs.*

*According to Newman (2014) there are several stages in conducting qualitative research, namely: (1) selecting topics, (2) narrowing the focus of the questions, meaning that this stage is a crucial step that must be taken so that broad topics can be narrowed down and more focused, (3) designing research, (4) collecting data, (5) analyzing data, (6) interpreting data, and (7) publishing or providing research reports to others.*

*Qualitative research is also defined as a research method in describing phenomena based on the point of view of the informants, finding various realities and developing a holistic understanding of a phenomenon in a particular context (Hilal and Ala Bri, 2013). The research strategy describes how the research will be carried out, the methods used in collecting data, the steps taken in processing and analyzing the data. In this study, the method used is a qualitative approach, data collection is done by interviewing informants and documentation studies, and the analysis phase which includes data reduction from interviews and document studies based on the concept of SAK EMKM financial statement analysis, and data analysis. which resulted in the design and preparation of financial statements of SMEs on the terms of SAK EMKM in Bekasi city government built on obscurity matan Jatiasih.*

#### **Population and Sample**

*Sugiyono, (2013: 11 7) Population is all objects or subjects contained in the research area that have certain qualities and characteristics determined by the researcher to be studied and then draw conclusions.*

*Population in District Jatiasih with five business units namely ornamental fish business, furniture, washing cars and motorcycles, Public vegetables and Bakery a small scale with a total population of as many as 28 businesses.*

*The sample is part of the number and characteristics of the population (Sugiyono, 2013: 118). The sample is taken from the population, by considering the number of population based on the*

sampling technique used. The sampling technique is a sampling technique to determine the sample to be used in the study (Sugiyono, 2013: 118).

The research sample consisted of 14 business units from a total population of 28 businesses, because only 14 samples were in accordance with the 6 criteria for the study sample, and the researcher used purposive sampling technique with the following sample selection criteria:

- 1) Operating capital : 1-50 million
- 2) Number of employees : 1-5 people
- 3) Own a place of business (own house or rent)
- 4) Turnover per year : 1-100 million
- 5) Creating manual financial records
- 6) Not yet implementing SAK EMKM

### **Type of Data**

Qualitative research emphasizes research data that is informational, in the form of written or oral form, not numbers. So this research uses the following types of data:

- 1) Primary data, obtained from the MSME actors who were studied as research informants.
- 2) Secondary data, obtained from the study of documentation on archives, records and financial report bookkeeping at the UMKM under study.

### **Method of collecting data**

The data collection method used in this study includes the interview method with unstructured interview techniques so that researchers can develop more information depth from informants, and study documentation on the accounting records of the MSME financial statements under study. The explanation of the research data collection method is as follows:

Interview

The interview guidelines that the researcher compiled are as follows:

- a. Characteristics of MSEs, including:
  - History of the establishment
  - Long running business
  - initial capital, business assets and personnel work
  - Results of the sales / turnover
- b. Understanding of MSEs actors regarding Financial Statements (theoretically and practically)
  - Current financial records
- c. Understanding of MSME actors about SAK EMKM (theoretically and practically)
  - Knowledge of SAK EMKM

### **Data analysis method**

Newman, (2014) In accordance with a descriptive research strategy with a qualitative approach, the data analysis method in this study is qualitative data analysis which includes the following stages:

- a) Data reduction

Data reduction is the stage where the results of the interview are then selected by connecting which answers are explanations of what questions, to then be compiled into information that can be used as material for analysis and drawing conclusions.

- b) Presentation of data

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*The presentation of data that is often used in qualitative data is a narrative form. Data presentations are in the form of a collection of information arranged systematically and easily understood. The data presented in this study are data on MSE objects that are sampled, financial reports that are currently applied.*

c) *Drawing conclusions*

*Drawing conclusions is the final stage in data analysis carried out to see the results of data reduction still refer to the formulation of the problem for the purpose to be achieved. The data that has been compiled are compared with one another to draw conclusions in response to existing problems.*

### **IV. Analysis and Discussion**

*Jatiasih Subdistrict is one of the sub-districts in Bekasi City. Has a population density of 177,870 people (based on 2019 BPD data), with an area of 22 Km<sup>2</sup>. Jatiasih Subdistrict is bordered by Bekasi Selatan, Pondokgede and Jatisampurna and Gunung Putri (Bogor Regency).*

*Economically, based on data from BPS Bekasi City, the population in Jatiasih sub-district is spread out into several sectors and types of professions and businesses ranging from micro, small and medium enterprises. Being the center of the capital has an impact on the Jatiasih community where the center of trade and sub-district government is in the Jatiasih area so that people can take advantage of this situation by running economic businesses ranging from micro and small, such as trade, agricultural products, livestock and services.*

*In this study, 5 Micro and Small Enterprises were the object of research on evaluating the implementation of SAK EMKM on the financial reports of the Bekasi City Government's MSMEs for the period of January 2020. The results of surveys and interviews with micro and small business actors in the research sample, Micro and Small Business actors. Becoming a Development Partner of the Bekasi City Government through the Economic Survey conducted by the Bekasi City Government through the Jatiasih District Government in 2016. The description of the MSMEs used as the research sample is as follows.*

1. *Ornamental Fish Cultivation Business*

*Ornamental fish farming is a micro and small business with the cultivation of various types of fish for the sale of ornamental fish. The business of cultivating and selling ornamental fish has been running for 5 years, with an initial capital of 15-25 million. The place of business is a house building and a rented shop house, with a turnover of up to 5-7 million rupiah per month.*

2. *Furniture*

*The furniture type business is a micro and small business with the activity of producing and selling a variety of wooden household furniture. This furniture business has been running for an average of 5 years, with an initial capital of 20-25 million. The place of business is your own house building, with a turnover of up to 9-11 million rupiah per month.*

3. *Car and Motorcycle Wash*

*Washing or steam cars and motorbikes is a service-type micro and small business with motorized vehicle washing service activities. The steam business has been running for 3-5 years on average, with an initial venture capital of 20-50 million. The place of business is leased land, with a turnover of up to 2-5 million rupiah per month.*

4. *Vegetable Stalls*

*A vegetable shop business is a micro and small type of business with the activity of selling various types of vegetables for households. This business has been running on average for 5 years, with an initial venture capital of 25 million. The place of business is a shop with rent, with a turnover of up to 6-7 million rupiah per month.*

5. *Small Bakery*

*A small bakery business is a micro and small type of business with the activity of selling bakeries*



*of various micro and small scale bakeries and cakes. This bakery business has been running for 4-5 years on average, with an initial capital of 25-50 million. The place of business is a self-owned shop and rental shop, with a turnover of up to 4-9 million rupiah per month.*

*In the micro and small businesses that are the objects of this research, business actors have never received or participated in any socialization activities or training on financial reports organized by the government. As for business actors who have received socialization about financial statements, they are bakery production, and even then it is only limited to how the process of accounting for business financial summary. Not comprehensive regarding the components and information in the financial statements. The bookkeeping activities carried out as an application of financial reports were not made in accordance with applicable accounting standards for several reasons presented in the initial interview with the researcher. They stated the reason for never making books, let alone books that were in accordance with standards. This is due to limited knowledge about the process of compiling good and correct bookkeeping which is guided by financial accounting standards, low education, does not have competent HR members in accounting, never received any socialization or workshops on how the process of compiling good and correct bookkeeping .*

*Knowledge and understanding of business actors regarding financial reports according to good and correct accounting standards or in this case, SAK EMKM. The understanding of micro and small business actors who are the object of this research regarding SAK EMKM can help them prepare financial reports properly and correctly and to support the improvement of the businesses they run. SAK EMKM is designed to meet the financial reporting needs of MSMEs. Through the application of SAK EMKM in their financial reports, MSME players can not only apply modern financial reporting based on accounting standards, but also understand business financial cycles and records more comprehensively.*

*A financial report is essentially a collection of records of financial transaction information organized into financial information. In this study, the objects of micro and small businesses have different forms of financial statements. Format of financial statements made manually by hand in writing books, or those that have been recorded through computerization. Knowledge and understanding of business actors regarding financial reports according to good and correct accounting standards or in this case, SAK EMKM. The understanding of micro and small business actors who are the object of this research regarding SAK EMKM can help them prepare financial reports properly and correctly and to support the improvement of the businesses they run.*

*The objective of this research is how to evaluate the application of financial reports to MSMEs which are used as research samples by referring to the accounting standards of SAK EMKM. To find out how the evaluation of the application of MSME financial reports for research objects based on SAK EMKM, bookkeeping and business finance sample data were obtained from research sample objects, namely 5 micro and small businesses from 2015 financial data where 2 (two) parts of evaluative data. First, is the financial report currently applied by the MSMEs under study, the second is the financial report prepared by referring to the SAK EMKM standard . Financial Reporting Based on SAK EMKM*

*a. Income Statement*

*The income statement presents income and expenses for a certain period of time based on a matching concept, between income and expenses. The income statement also presents the difference between income over expenses incurred. If income is greater than expense, the difference is called net profit and if expenses exceeds income, the difference is called net loss .*

*b. Statement of Financial Position*

*The financial position report in this study will present information about total assets, total liabilities and equity owned by the business .*

*c. Notes to Financial Statements*

## ***Evaluation of the Implementation of SAK EMKM on Financial Statements at MSMEs Assisted by the Bekasi City Government for the Period of January 2020 (Study in Jatiasih Subdistrict)***

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*Notes additional and added to the end of the financial statements to provide additional information to the reader with more information. Notes to Financial Statements help explain the calculation of certain items in the financial statements as well as provide a more comprehensive assessment of the company's financial condition. Notes to financial statements can include information about accounts payable, going concern, accounts receivable, contingent liabilities, or contextual information to explain financial figures (for example to show a lawsuit).*

*The financial reports applied by the MSME actors studied are still very limited in terms of financial information. It can be seen from the form of reports finances are implemented by the perpetrators finance the manual and just attach the income account consists of the sale of goods / services and receivables are paid by consumers. Then the business expense account consists of the product material expenditure group, operational costs and employee salaries. Meanwhile, the financial reports that comply with SAK EMKM, present the resulting financial information in more detail and contain various components of business financial flows in full.*

*The financial report is one part of accounting for the conduct of a business which is prepared with the aim that the business owner and those with an interest in the business know the financial condition of the company and have a basis in making decisions related to the conduct of the business. Financial reports prepared by complying with financial accounting standards for micro, small and medium enterprises (SAK EMKM) are directed so that MSME entrepreneurs do not only run a modern accounting system in their financial management but can also assist MSME players in the interests of financing business development. The results of the comparison of the application of financial reports that are currently being studied by MSME actors with financial reports that refer to SAK EMKM, there are several evaluation points that are generated as follows.*

*First, the financial statements applied by the MSME actors studied are still very limited in terms of financial information. This can be seen from the form of financial statements applied by financial actors who are still manual and only attach an income account consisting of sales of goods / services and receivables paid by consumers. Then the business expense account consists of the product material expenditure group, operational costs and employee salaries. Meanwhile, the financial reports that comply with SAK EMKM, present the resulting financial information in more detail and contain various components of business financial flows in full.*

*Second, in terms of the process of preparing the financial statements applied by MSME actors, the object of research is only to present records of financial transactions without including the accounting cycle including journaling of transactions, posting to ledgers, making trial balances, adjustments, work sheets, and issuing financial reports. Meanwhile, in the preparation of financial reporting that complies with SAK EMKM, the preparation process goes through the accounting cycle so that calculations from various journals and business financial flows can be identified as the basis for decision making on business financial development.*

*On the side of the financial report preparation process applied by MSME actors, the object of research is only to present records of financial transactions without including the accounting cycle including journalizing transactions, posting to ledgers, making trial balances, adjustments, work sheet, and issuing financial statements. Meanwhile, in the preparation of financial reporting that complies with SAK EMKM, the preparation process goes through the accounting cycle so that calculations from various journals and business financial flows can be identified as the basis for decision making in business financial development .*

### ***V. Conclusions and suggestions***

*Based on the discussion of the results of research on the evaluation of the implementation of SAK EMKM on financial reports on the MSMEs assisted by the Bekasi municipal government for the*

period of January 2020 (a study in Jatiasih District), the conclusions drawn from this study are as follows:

1. *The financial reporting practices carried out so far in the Bekasi municipal government assisted MSMEs examined in this study are financial reports which only consist of records of business financial transactions within a period of one month.*
2. *Practical and theoretical understanding of the Bekasi municipal government assisted MSMEs examined in this study regarding SAK EMKM is that they do not have an understanding both in theory and in practice of its application.*
3. *Evaluation of the application of financial reports based on SAK EMKM at the Bekasi City Government-assisted MSMEs examined in the study found differences in the financial information presented where by compiling financial reports that comply with SAK EMKM, MSME financial reports can present information on business financial flows more completely.*

*As for the suggestions of this study are as follows:*

1. *Financial reporting based on SAK EMKM is important for MSME actors, so it requires a process of socialization and training for MSME actors who are guided by the Bekasi municipal government .*
2. *The practical and theoretical understanding of MSMEs regarding SAK EMKM is still very low, this requires a strategic program from the government to assist the MSMEs that are fostered to be able to increase their business financial accounting capacity .*

*There are several limitations in this study, including the following:*

1. *Given the large number of MSMEs in Bekasi City, researchers only took data on MSMEs in Jatiasih District.*
2. *This research was conducted to coincide with the implementation of social restrictions due to the Covid-19 pandemic, so that data collection could not be carried out optimally due to social restrictions at the research location and business actors were only willing to provide reports in January, due to business actors during the Covid-pandemic. 19 no longer keeps records of every transaction that occurs.*

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