

## Readiness to Apply MSMEs Financial Accounting Standards in the Preparation of Financial Reports in UD. Sari Rama Bakery



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**ABSTRACT:** The study aims to determine the application of SAK EMKM in the preparation of financial reports UD. Sari Rama Bakery. Methods of data collection in this study using interviews, observation and documentation. The analytical method used in this research is descriptive analysis method. The results of this study indicate that UD. Sari Rama Bakery has not recorded its business financial statements in accordance with SAK EMKM because the recording of financial reports is not in accordance with SAK EMKM guidelines but only records incoming and outgoing cash. This is because UD. Sari Rama Bakery does not meet the elements of preparing financial statements according to SAK EMKM including statements of financial position, profit and loss statements, and Notes to Financial Statements. This shows that UD. Sari Rama Bakery has not been able to measure the level of the company's financial performance and has not been able to determine business development. This study contributes for SMEs to describe in more detailed and in-depth, considering that this research focuses on quality and the results of the research can describe the reality view of other SMEs on what has been experienced at the research site. The results of this research provide insight into the reality of implementing SAK EMKM and show that the importance of knowledge for MSME actors to prepare financial reports in accordance with SAK EMKM. The limitation of this research is that UD. Sari Rama Bakery does not keep financial records in accordance with SAK EMKM, but only records incoming and outgoing cash.

**KEYWORDS:** MSMEs, SAK EMKM, Financial Reports, Trade Business.

### I. INTRODUCTION

Micro, Small and Medium Enterprises is one of the businesses that contributes quite a lot to the Indonesian economy. As the backbone of the economy, MSMEs are one of the most important sectors when there is economic uncertainty like today. Although not a few MSMEs failed, the development of MSMEs will greatly determine Indonesia's economic opportunities in the future.

According to warsadi et al. (2017) an effective way to increase the welfare of the population is by entrepreneurship, because entrepreneurship can shape residents into very independent individuals and will also create opportunities or job opportunities to gain profits for individual owners and for other people. The reason for forming a business is to achieve and obtain the goals you want to hope for, even though the goals you want to achieve are very normal and there is no difference, maybe the priorities or interests are not the same.

Micro, Small, Medium Enterprises which are often also called MSMEs are forms of business that are managed by a person or group of people with a certain amount of capital and establish a business with the aim of making profits with the ability to develop business processes easily. Generally, MSMEs are family businesses, in the sense that these businesses are run and developed by the business owners themselves and their families. After growing large enough, MSME owners will employ residents around them.

Demonstrated that MSME actors need to record and prepare financial statements in order to get more relevant information about the company's financial situation and performance. Alfitria et. al (2019) showed rule of the Republic of Indonesia Number 17 of 2013 concerning the implementation of Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises is one such rule that mandates MSMEs to compile books of business activities. However, in practice, a large number of MSMEs continue to fail to provide financial reports that are up to par.

The definitions and regulations regarding MSMEs that are relevant to the three types of businesses are based on 4 (four) old legal products, namely first, Law Number 9 of 1995 concerning Small Enterprises is an economic activity that is small-scale and

## **Readiness to Apply MSMEs Financial Accounting Standards in the Preparation of Financial Reports in UD. Sari Rama Bakery**

meets the criteria for net worth or annual sales results. as well as ownership. Second, Presidential Instruction No. 10 of 1999 concerning the Empowerment of Medium Enterprises considering that in the development of the people's economy, medium enterprises have an important and strategic role in creating a strong national business world structure. Then the third, Bank Indonesia Regulation No.7/39/2005 concerning the provision of Technical Assistance in the Context of Developing Micro, Small and Medium Enterprises. Fourth, Bapepam-LK Regulation Number IX.C.7 concerning guidelines for public offerings by Medium or Small Companies. However, in connection with the ratification of the new MSMEs Law, the definition of MSMEs contained in the previous regulations has been adjusted.

In Indonesia, it turns out that Micro, Small and Medium Enterprises (MSMEs) have been chosen by some people to move away from existing social problems. In its development, MSMEs have several obstacles, one of which is the preparation of financial reports that are not in accordance with accounting standards in Indonesia. Prawita et al. (2021) explains that financial reports are a tool for providing financial information, so they must be based on certain or special standards and must have specific guidelines, so that all information reported in financial reports can be guaranteed to be true and accountable. So that it can be used by users of the report information and those who have an interest in it to be used as a basic reason in thinking about making and determining a financial decision by business owners and parties outside the business. Therefore, businesses that are increasingly developing and advancing, MSMEs are required to have correct financial reports and are based on applicable standards/rules.

The existence of Micro, Small and Medium Entity Financial Accounting Standards for small and medium businesses is not widely known by small and medium business owners and the lack of socialization is the main factor in the lack of recognition of FAS MSMEs in the MSME environment. The advantage of applying MSMEs Financial Accounting Standards is that it makes it easier to find out the progress of business activities because MSMEs Financial Accounting Standards presents financial reports with the aim of providing information about the financial position and performance of an entity. Implementing MSMEs Financial Accounting Standards is able to increase business growth in the form of business scale. Previously, a small scale was able to increase to a medium scale, resulting in an increase in the number of employees, sales turnover, additional business capital, and added value of business assets (Wibowo and Kurniawati, 2015).

This is corroborated by Marwati's research (2018) with the title "Application of Micro, Small and Medium Entity Financial Accounting Standards in the Preparation of UD Financial Statements. Sakiah Jaya" said that UD. Sakiah Jaya does not apply MSMEs Financial Accounting Standards in preparing its financial statements, because the owner of UD. Sakiah Jaya does not understand MSMEs Financial Accounting Standards regarding the presentation of financial reports. The owner considers the record keeping is clear and effective. MSMEs do not prepare financial statements. Because they do not understand how to prepare financial reports and there is no desire from MSME actors to prepare financial reports in accordance with the existing SAK MSME (Rawun & Tumilaar, 2019; Yusri et al., 2022; Amir, 2019; Arsa et al., 2022; Sularsih & Sobir, 2019; Uno et al., 2019; Ariani & Yusuf, 2023; Zulfikar et al., 2022).

Different research results found that MSMEs carry out financial recording processes such as preparing financial reports consisting of cash and cash equivalents, receivables, inventories, investment property, fixed assets, debt and equity but do not present notes on financial reports (Rahadiansyah, 2018). Additionally, financial statements were created by recording and summarizing financial transactions. Statements of financial status, an income statement, and other financial statements derived from SAK EMKM and the financial statements notes (Ardila et al., 2019 based financial accounting standards of Micro small entity (SAK EMKM) (Dwiantini et al., 2021). And also, The SMEs that committed the crimes practiced the act of creating financial statements based on commercial transactions that were connected with tax reporting (Rayyani et al., 2019). Other side by Purwanti & Fatmawati (2021) shows that SAK EMKM is various interpretations by MSMEs actors which some usefull and not. MSMEs actors interpret that SAK EMKM as the as the helper god, as antique, as increase the workload.

According to Rizki Asrinda Handayani (2018) with the title "Analysis of the application of MSMEs Financial Accounting Standards to micro, small and medium enterprises in Kab. Luwu Utara (Farhan Cake's MSME case study)", he said that the financial recording system was carried out manually and was still very simple as well as the research conducted by Siti Ady Afni Safitri (2019) with the title "Implementation of Financial Accounting Standards for Small and Micro Entities in the 2018 Dimas Self-Service Trading Business, he said the conditions for recording the financial statements of the Dimas Self-Service Trading Business were still very simple and had not been implemented in accordance with the Micro, Small and Medium Entity Financial Accounting Standards.

Meanwhile, according to Cahyanti Hana Pratiwi's research (2018) with the title "Implementation of Inventory Accounting Based on MSMEs Financial Accounting Standards at UD. Andika Jaya Jember" said that UD. Andika Jaya Jember has not fully implemented the Micro, Small and Medium Entity Financial Accounting Standards for Inventory Accounting. This is because

## **Readiness to Apply MSMEs Financial Accounting Standards in the Preparation of Financial Reports in UD. Sari Rama Bakery**

most of the employees are housewives, so that UD. Andika Jaya Jember lacks adequate knowledge of Micro, Small and Medium Entity Financial Accounting Standards.

The phenomenon that occurs in MSMEs in Southeast Sulawesi, especially in Kendari City, is that many MSMEs do not pay attention to the recording system according to applicable accounting standards, where the process of recording costs is still done traditionally. Recording of factory production costs and other non-production costs is often neglected, so that these costs that have actually been incurred are not counted and are not recorded in the report and result in the MSME financial statements not being able to separate personal assets and business assets. This causes management to be inaccurate in making profit planning and cost control, besides that management cannot make financial reports precisely in accordance with predetermined guidelines or standards.

Many MSMEs in Kendari City experience problems in preparing financial reports in accordance with MSMEs Financial Accounting Standards. One of the factors is the lack of adequate human resources in compiling financial reports so that the company has not managed the recording of its company's financial statements according to accounting standards.

UD. Sari Rama Bakery is one of the businesses that has kept financial records but is not yet in accordance with applicable accounting standards. In accordance with the results of the interview, UD. Sari Rama Bakery has not implemented accounting standards in compiling financial reports but only records income and expense reports in a notebook. So it is necessary to have employees who are specifically employed in the accounting field to keep company financial records in accordance with accounting standards. According to Mulyadi (2014), accounting is an organization of forms, records and reports that are coordinated in such a way as to provide financial information needed by management to facilitate company management.

The reason researchers chose SMEs at UD. Sari Rama Bakery is a financial record that has not yet implemented MSMEs Financial Accounting Standards accounting standards so I am interested in taking observations at UD. Sari Rama Bakery to be able to apply financial reports according to MSMEs Financial Accounting Standards so that business owners can find out the progress of profits and the level of company performance and can facilitate the process of applying for loans to banks. According to Wijaya (2018: 2) explains that the source of MSME capital is through people's business loans from financial institutions. To obtain credit from a bank, prospective credit recipients must submit financial information in the form of financial reports. This is done by banks as a form of interpretation of the ability of MSMEs to return loan funds and predict business risks in the future (Wijaya, 2018: 21). The uniqueness of this study is that it is more detailed and in-depth, considering that this research focuses on quality and the results of the research can describe the reality view of other SMEs on what has been experienced at the research site.

Based on this background, the problem that can be formulated in this study is how to apply the MSMEs Financial Accounting Standards to the preparation of UD Sari Rama Bakery's financial statements. UD. Sari Rama Bakery located in the city of Kendari, Southeast Sulawesi. The purpose of this study was to find out the application of MSMEs Financial Accounting Standards in preparing UD Sari Rama Bakery's financial reports. The results of this study are expected to contribute ideas or information that can be used as input to better understand the application of MSMEs Financial Accounting Standards.

## **II. LITERATURE REVIEW**

According to Indonesian Accountants Association (2022) Micro, Small, and Medium Entities are entities without significant public accountability, as defined in the Financial Accounting Standards for Entities Without Public Accountability), which meet the definitions and criteria for business, micro, small, and medium as stipulated in the applicable laws and regulations in Indonesia, for at least two consecutive years.

Financial statements (financial statements) are the end result of an accounting process, as a summary of financial transactions during the current period (Sariati, 2014). According to Harrison et. al (2012) financial reports are business documents used by companies in reporting the results of their activities to interest groups. Financial reports are a means that can be used by entities to communicate conditions related to their financial conditions to interested parties, both from internal entities and external entities. While Statement of Financial Accounting Standards No. 1 of 2022 Paragraph 9 explains the meaning of financial statements which reads financial statements are a structured presentation of the financial position and financial performance of an entity.

According to Indonesian Accountants Association in MSMEs Financial Accounting Standards (2022), the presentation of financial statements requires an honest presentation of the effects of transactions, events and other conditions in accordance with the definitions and criteria for recognizing assets, liabilities, entities, income and expenses. Disclosure is required when compliance with certain requirements in MSMEs Financial Accounting Standards is not sufficient for users to understand the effect of transactions, events and other conditions on the entity's financial position and performance. According to Rosdiana

## **Readiness to Apply MSMEs Financial Accounting Standards in the Preparation of Financial Reports in UD. Sari Rama Bakery**

(2011) states the quality of financial reports is the extent to which the financial reports presented show correct and honest information. Quality financial reports are useful as a basis for making economic decisions for interested parties.

According to Indonesian Accountants Association (2022) MSMEs Financial Accounting Standards financial reports include: Statement of Financial Position, income statement, and notes to financial statements. Statement of financial position (statement of financial position) is commonly known as a balance sheet (balance sheet). According to Kartikahadi et al (2012) A statement of financial position or balance sheet is a list showing the financial position, namely the composition and total assets, liabilities and equity of a particular entity on a certain date. The financial position report or balance sheet has two formats, namely the report form (staffel) and the account form (skontro). In the form of reports, assets are reported first at the top, then liabilities and equity are reported at the bottom. While the form of account, assets are reported on the left while liabilities and equity are reported on the right, liabilities are reported first and then report equity underneath.

According to Indonesian Accountants Association in MSMEs Financial Accounting Standards (2022) the statement of financial position presents information about the assets, liabilities and equity of the entity at the end of the reporting period. An entity's statement of financial position can include items Cash and cash equivalents, Receivables, Inventories, Fixed assets, Trade payables, Bank loans, and Equity. The income statement is a report that provides performance information for the company in carrying out its operations within a certain period of time (Sariati, 2014). According to Indonesian Accountants Association in MSMEs Financial Accounting Standards, entities can present income statements which are the entity's financial performance in a period. The income statement includes income, financial expenses and tax expenses.

According to Hery (2012) the Profit and Loss Report can be arranged in two forms, namely the direct form (Single-step) which emphasizes total income and total expenses as determining factors for net profit/loss. All income and expenses, both from normal company activities and activities outside the company or other income and expenses, are combined into one total income and expenses. Meanwhile, the multiple-step form emphasizes the stages in determining net income, where the operating part is separated and differentiated from the non-operating part. According to Indonesian Accountants Association (2022) Notes to financial statements are presented systematically as long as it is practical where each account in the financial statements shows related information in the notes to the financial statements. Notes to financial statements containing additions containing a statement that the financial statements have been prepared in accordance with MSMEs Financial Accounting Standards; Summary of accounting policies; and Additional information and certain details of financial statements that explain important and material transactions so that it is useful for users to understand the financial statements.

According to Law Number 20 of 2008 article 1 it states that (1) Micro Enterprises are productive businesses owned by individuals and/or individual business entities that meet the criteria for Micro Enterprises as regulated in this Law. (2) Small Business is a productive economic business that stands alone, which is carried out by individuals or business entities that are not subsidiaries or not branch companies that are owned, controlled, or become part either directly or indirectly of Medium or Large Businesses which meet the criteria for Small Business as referred to in this Law. (3) Medium Enterprises are productive economic enterprises that stand alone, carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or become a part, directly or indirectly, of Small or Large Enterprises with a total net worth or annual sales proceeds as regulated in this Law.

### **III. RESEARCH METHOD**

The research location was chosen with the consideration that both the data and information needed were easy to obtain and relevant to the subject matter that was the main object of the research. The types of data used in this research are qualitative data and quantitative data. In this study, the qualitative data used was to produce information on MSME financial statements at UD. Sari Rama Bakery written or spoken from the results of interviews conducted with the owner of UD. Sari Rama Bakery. Meanwhile, Quantitative Data is data that contains information about the records of UD's financial transactions. Sari Rama Bakery in the current year obtained from managers who have an important role in UD. Sari Rama Bakery, especially regarding financial data and every transaction that occurs at UD. Sari Rama Bakery. Data sources in this study are primary data and secondary data.

The primary data in this study are the results of direct interviews with company owners. The data to be obtained is in the form of a general description of the company, organizational structure and information regarding the financial records carried out. While the secondary data obtained in this study were in the form of theory, literature review, and previous research. In this study used data collection methods in the form of interviews, observation, and documentation. In this study, structured direct interviews were conducted with informants who are owners and financial managers of UD. Sari Rama Bakery, Observation is collecting data by making direct observations on the object under study, and documentation in the form of document

## **Readiness to Apply MSMEs Financial Accounting Standards in the Preparation of Financial Reports in UD. Sari Rama Bakery**

information in the company that is relevant to research. The method used in this research is descriptive qualitative. with more descriptive nature from the results of interviews and documentation studies as well as conducting comparisons of financial reports that are appropriate and those that are not in accordance with MSMEs Financial Accounting Standards and the reality that occurs in the field. The data that has been obtained will be analyzed qualitatively and described in descriptive form.

MSMEs Financial Accounting Standards is a stand-alone financial accounting standard that can be used by entities that meet the definition of an entity without significant public accountability as stipulated in Financial Accounting Standards for Entities Without Public Accountability and characteristics in Law Number. 20 of 2008 concerning micro, small and medium enterprises (MSMEs). MSMEs Financial Accounting Standards explicitly describes the concept of a business entity as one of its basic assumptions and therefore to be able to prepare financial reports based on MSMEs Financial Accounting Standards, an entity must be able to separate the personal wealth of the owner from the assets and results of the entity, and between the business/entity and other businesses/entities. Kasmir (2019: 7) explains that financial reports are reports that show the company's financial condition at this time or in a certain period. Meanwhile, according to Prihadi (2020: 8) financial reports are the result of recording all financial transactions in the company.

### **IV. RESULTS**

Preparation of UD Financial Statements. Sari Rama Bakery regarding the understanding of the presentation of financial statements. The following are the results of interviews:

"I do not really understand what the presentation of financial statements is like, regarding the explanation regarding the presentation of financial statements and no one has provided an understanding or socialization of this matter from the authorities."

(Interview by Mrs. Wa Ode Abe on March 7, 2023)

Furthermore, the results of interviews regarding knowledge about recording and presenting financial statements are in accordance with accounting knowledge that applies in Indonesia. The following are the results of the interview:

"I don't know how to record financial reports in accordance with accounting knowledge, so I still keep simple records in reporting income and expenses for my business."

(Interview by Mrs. Wa Ode Abe on March 7, 2023)

Furthermore, the results of interviews regarding knowledge about the importance of financial reports for a company. The following are the results of the interview:

"In my opinion, the preparation of financial reports is very important for businesses because they can provide accurate financial reports, but because I do not yet know how to prepare financial reports in accordance with accounting knowledge, so I only record the costs of dispensing raw materials and production costs so that I can determine prices. sell products to make a profit."

(Interview by Mrs. Wa Ode Abe on March 7, 2023)

Furthermore, the results of interviews about the purpose of making financial reports. The following are the results of the interview:

"Regarding the purpose of financial reports, I don't really know about it because I personally manage my business finances personally."

(Interview by Mrs. Wa Ode Abe on March 7, 2023)

Based on the results of interviews with the owner of UD. Sari Rama Bakery regarding the financial reporting system carried out by UD. Sari Rama Bakery. The following are the results of the interview:

"The recording system that I use only records costs incurred in the process of making bread and unexpected expenses such as machine damage and others. I also record income from sales every day, as well as notes on products that are ready to be shipped and marketed by suppliers. The recording that I do is not routine because of busyness and other factors. The record that I routinely do is only products that are ready to be shipped and marketed."

(Interview by Mrs. Wa Ode Abe on March 7, 2023)

Furthermore, the results of interviews regarding the causes of UD. Sari Rama Bakery does not prepare financial reports. The following are the results of the interview:

"I didn't prepare financial reports because I didn't know how to prepare financial reports properly and there was no free time to study the preparation of financial reports because I thought it was very complicated. I also don't have an accounting employee that I employ to manage finances and prepare financial reports. I still manage my business finances personally."

(Interview by Mrs. Wa Ode Abe on March 7, 2023)".

**Readiness to Apply MSMEs Financial Accounting Standards in the Preparation of Financial Reports in UD. Sari Rama Bakery**

**Table 1. Financial Recording at UD. Sari Rama Bakery in 2022**

Descriptions	Debit (Rp)	Credit (Rp)	Balance (Rp)
Cash	Rp. 325.884.000		Rp. 325.884.000
Income	Rp. 936.516.000		Rp.1.262.400.000
Raw material costs		Rp. 269.000.000	Rp. 993.400.000
Employee salary		Rp. 468.800.000	Rp. 524.600.000
Indirect costs		Rp. 156.000.000	Rp. 368.600.000
Electricity cost		Rp. 42.000.000	Rp. 326.600.000
Fuel costs		Rp. 124.800.000	Rp. 201.800.000
Equipment repair costs		Rp. 9.000.000	Rp. 192.800.000
Total			Rp. 192.800.000

**Data Source:** Processed in 2023

Based on the interview results regarding the application of MSMEs Financial Accounting Standards to UD's financial statements. Sari Rama Bakery. The following are the results of the interview:

"I do not apply the preparation of financial reports according to these accounting standards, I also do not know about it. The records I make are only to be able to know the income I get."

(Interview by Mrs. Wa Ode Abe on March 7, 2023)

This study provides a format for drafting financial statements that are in accordance with MSMEs Financial Accounting Standards and can be used by companies to make their own company financial reports. The explanation of the information presented in the income statement of UD. Sari Rama Bakery as follows:

**Table 2. Profit and Loss Report's UD. Sari Rama Bakery**

<b>UD. SARI RAMA BAKERY</b>			
<b>INCOME STATEMENT</b>			
<b>FOR THE YEAR ENDED DECEMBER 31, 2022</b>			
INCOME			Rp 1.772.000.000
cost of goods sold:			
initial inventory	Rp 245.300.000		
net purchases	Rp 487.700.000		
remaining supplies		Rp 733.000.000	
ending inventory		Rp 223.400.000	
			Rp 509.600.000
GROSS PROFIT			Rp 1.262.400.000
OPERATING EXPENSES			
raw material costs	Rp 269.000.000		
direct labor costs	Rp 468.800.000		
indirect labor costs	Rp 156.000.000		
electricity cost	Rp 42.000.000		
fuel costs	Rp 124.800.000		
machine repair and maintenance costs	Rp 9.000.000		
cost of depreciation	Rp 37.270.000		
TOTAL LOAD			Rp 1.106.870.000
Income tax expense			Rp -
NET PROFIT			<u>Rp 155.530.000</u>

**Data Source:** Processed in 2023

## Readiness to Apply MSMEs Financial Accounting Standards in the Preparation of Financial Reports in UD. Sari Rama Bakery

Table 3. Balance Sheet's UD. Sari Rama Bakery

UD. SARI RAMA BAKERY STATEMENT OF BALANCE SHEET 31 DECEMBER 2022	
CURRENT ASSETS	
Cash and cash equivalents	
Cash	Rp 325.864.000
Supply	<u>Rp 223.400.000</u>
TOTAL CURRENT ASSETS	Rp 549.264.000
FIXED ASSETS	
Fixed assets	Rp 506.100.000
accumulated depreciation	<u>Rp 273.374.000</u>
TOTAL FIXED ASSETS	Rp 232.726.000
TOTAL ASSETS	<u>Rp 781.990.000</u>
LIABILITIES	
Accounts payable	Rp -
TOTAL LIABILITIES	Rp -
EQUITY	
Venture capital	Rp 626.460.000
Net profit	<u>Rp 155.530.000</u>
TOTAL EQUITY	Rp 781.990.000
TOTAL LIABILITIES & EQUITY	<u>Rp 781.990.000</u>

Data Source: Processed in 2023

Notes on the financial statements of UD. Sari Rama Bakery was made based on information obtained from the factory which was then processed by researchers and adapted to the MSMEs Financial Accounting Standards rules. Notes on the financial statements of UD. Sari Rama Bakery contains the MSMEs statement, a summary of the significant accounting policies applied and the basis of measurement used in the preparation of the financial statements.

### V. DISCUSSION

Presentation of financial statements aims to provide information regarding financial position, financial performance and cash flows that are useful to a large number of users of financial statements in making economic decisions. Financial reports are made to provide an overview or report on the progress of a business on a periodic basis.

From the results of the study indicate that the understanding of financial reports is still very low, even the owner of UD. Sari Rama Bakery does not know the recording and preparation of financial reports in accordance with accounting knowledge MSMEs Financial Accounting Standards that applies in Indonesia.

Business owners know that financial records are important for a business. Keeping financial records, it can be seen how much income and expenses are so that later you can calculate the profit or profit earned. Owner of UD. Sari Rama Bakery does not know the purpose of making financial reports, this is because the owner himself plays a part as a financial manager in his business.

In accounting, there are two types of accounting recording methods, namely the cash-based recording method and the accrual-based recording method. Cash-based recording is the concept of accounting records that use a cash basis in which the recognition of income and expenditure is recorded when a transaction occurs where money is received or issued. Meanwhile, accrual-based recording is an accounting recording technique where when there is recognition of income and expenses in the future, it will be recorded. The results of the interviews show that the owner keeps records on a cash basis because he records when transactions occur directly.

In terms of recording and preparing financial reports, it is necessary to have a workforce in the accounting field who is specifically employed at a company so that they can report finances in a relevant manner and reduce the risk of nominal discrepancies.

## Readiness to Apply MSMEs Financial Accounting Standards in the Preparation of Financial Reports in UD. Sari Rama Bakery

From the results of the study indicate that the financial recording system carried out by business owners UD.Sari Rama Bakery is not in accordance with the MSMEs Financial Accounting Standards guidelines, where the recording process is still done manually, namely by recording raw material expenditure costs, other unexpected costs, and notes regarding finished products that are ready to be sent. However, the recording is not carried out routinely so that the results of the recording are inaccurate and there are no special employees employed in the accounting field.

The research results show that the accounting system used by UD. Sari Rama Bakery is not in accordance with the MSMEs Financial Accounting Standards guidelines because the recording of financial reports is carried out, only recording income and expenses in a notebook so that it does not reflect the recording of financial reports in accordance with financial accounting standards. So that the information obtained from the records cannot be fully useful for decision making. This shows that UD. Sari Rama Bakery has not been able to measure the level of the company's financial performance and business development. The importance of financial reports is used as a source of information in making decisions for parties with an interest in the company, both external and internal parties, regarding business management and development. Wicaksono (2016) revealed that the level of education of economic actors affects the perception of standardized financial reporting. The higher the education level of MSME stakeholders, the more open-minded the MSMEs. Many things related to their business will be. In addition, it also affects the ability to react to financial accounting standards, including SAK EMKM for financial reporting purposes statements. Training reflects an understanding of financial statements presented in accordance with SAK.

### CONCLUSION

Based on the results of the research and discussion in the previous chapter, the writer can conclude that UD. Sari Rama Bakery has not recorded its business financial statements in accordance with MSMEs Financial Accounting Standards because the recording of financial reports is not in accordance with MSMEs Financial Accounting Standards guidelines but only records incoming and outgoing cash. This is because UD. Sari Rama Bakery does not fulfill the elements of preparing financial statements according to MSMEs Financial Accounting Standards including statements of financial position, profit and loss statements, and Notes to Financial Statements. This shows that UD. Sari Rama Bakery has not been able to measure the level of the company's financial performance and has not been able to determine business development.

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## Readiness to Apply MSMEs Financial Accounting Standards in the Preparation of Financial Reports in UD. Sari Rama Bakery

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