

Implementation of Financial Accounting Standards for Micro, Small, and Medium Entities (SAK-EMKM) in Sekarsari Florist Surabaya City

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Abstract

This research investigates the challenges faced by small and medium enterprises in preparing financial reports based on SAK-EMKM. Using a qualitative descriptive approach, researchers conducted interviews and field observations of the owners of Sekarsari Florist. The research results show that the MSME Sekarsari Flower Shop in Surabaya City has not implemented SAK-EMKM because the owner of the Sekarsari Flower Shop does not know and understand the Financial Accounting Standards for Micro, Small and Medium Entities (SAK-EMKM). Apart from that, they also do not understand the benefits of implementing SAK-EMKM. Obstacles faced by Sekarsari Florist include the lack of socialization and owner knowledge regarding SAK-EMKM. The financial reports prepared by Sekarsari Florist so far are still prepared manually and simply, only in the form of recording cash income from sales and cash disbursements to determine profits and losses in a certain period.

Keywords: SAK-EMKM, MSMEs, financial statements, field observation.

Abstrak

Penelitian ini menyelidiki tantangan yang dihadapi usaha kecil dan menengah dalam menyusun laporan keuangan berdasarkan SAK-EMKM. Dengan menggunakan pendekatan deskriptif kualitatif, peneliti melakukan wawancara dan observasi lapangan terhadap pemilik Sekarsari Florist. Hasil penelitian menunjukkan bahwa UMKM Toko Bunga Sekarsari Kota Surabaya belum menerapkan SAK-EMKM karena pemilik Toko Bunga Sekarsari belum mengetahui dan memahami Standar Akuntansi Keuangan Entitas Mikro, Kecil dan Menengah (SAK-EMKM). Selain itu, mereka juga belum memahami manfaat penerapan SAK-EMKM. Kendala yang dihadapi Sekarsari Florist antara lain kurangnya sosialisasi dan pengetahuan pemilik mengenai SAK-EMKM. Laporan keuangan yang disusun oleh Sekarsari Florist selama ini masih disusun secara manual dan sederhana, hanya berupa pencatatan pendapatan kas dari penjualan dan pengeluaran kas untuk mengetahui keuntungan dan kerugian pada suatu periode tertentu.

Kata kunci: SAK-EMKM, UMKM, laporan Keuangan, observasi lapangan.

1. INTRODUCTION

The development of the economy requires positive contributions from the community to achieve economic growth in a country (Amani, 2018). Transformation into Micro, Small, and Medium Enterprises (MSMEs) is one of the social contributions to the development of the Indonesian economic sector. An example of a contribution is the existence of Micro, Small, and Medium Enterprises (MSMEs), which is a form of social contribution to the development of Indonesia's economic sector. Because MSMEs contribute 99,9% of the overall GDP and the labor force is absorbed up to 97% (Kirowati & Amir, 2019). Entering 2020, Indonesia was shocked by the COVID-19 pandemic which had a serious impact on the economic sector. The Covid-19 Pandemic had a major impact on micro, small, and medium enterprises (MSMEs). This is due to the lack of direct transaction activities with customers (Rosita, 2020). One of the industries affected by Covid-19 is the floriculture industry. The floriculture industry is a mainstay of the agricultural sector because of its floral diversity, which can contribute 1.47% to Indonesia's gross domestic product (GDP) (Shinta, 2018). Based on data from the Central Bureau of Statistics, the increase in flower production in East Java increased significantly with an average growth rate of 14% from 2016 to 2019. However, due to the COVID-19 pandemic, flower production experienced a significant decline of -17% from 2020 to 2021, posing a serious threat to the Indonesian economy, especially in the fields of trade, investment, and even tourism (Nasution et al., 2023). Ornamental plant production is expected to gradually recover in 2022, which is estimated to increase by 13%.

The development of the floriculture industry has great economic value because it can improve the welfare of farmers, create new jobs, advance the travel industry, and develop the tourism sector (Indrajati et al., 2022). Therefore, the floriculture industry is a business that the floriculture industry is a business that has the potential to grow and survive, increase company revenue, and affect its profitability.

Sekarsari Florist is one of the MSMEs in the floriculture industry that has been able to overcome the challenges of the business downturn during the COVID-19 pandemic so until now it is still able to survive and show business development. Located on Kayoon Street, Embong Kaliasin, Surabaya City, Sekarsari Florist started its business in 1989 by initially selling only fresh flower bouquets, but over time, the business continues to grow by offering the latest innovations in the florist field such as various bouquets, namely artificial flowers, dry flowers bouquets, snack bouquet, money bouquets, seasoning bouquets, cigarette bouquets, as well as greeting flower board and other products according to customer request.

Over time, with a growing business, Sekarsri Florist began to make simple records in the form of incoming and outgoing transactions as of 2021. Based on the results of interviews conducted with the owner of Sekarsari Florist, recording incoming and outgoing transactions began to be carried out regularly using the spreadsheet application starting in 2021. The result of recording these transactions can make it easier to see business profits. In financial management, the preparation of financial reports is important for the sustainability of the company because it provides information about the financial position, performance, and cash flow of a company (Saputra dan Putrayasa, 2020).

The Indonesian Institute of Accountants seeks to contribute to the progress and development of MSMEs by issuing the Financial Accounting Standards Small and Medium Enterprises (SAK-EMKM) which came into effect in 2018 and has been approved by the

Financial Accounting Standards Board of the Indonesian Institute of Accountants. The guidelines are used by MSMEs to prepare financial statements and MSMEs are expected to follow these guidelines (SAK-EMKM, 2016). The standard was developed briefly to regulate common transactions that are often carried out in MSMEs (Ningtiyas, 2017).

However, the application of SAK-EMKM in Indonesia is still not comprehensive, because the majority of MSMEs still make simple manual records, so the reports prepared do not meet applicable standards (Indra et al., 2021). The same is the case with Sekarsari Florist, which does not record transactions using the SAK-EMKM guidelines. This is due to a lack of information, lack of socialization, and training. MSME stakeholders have not yet realized the importance of SAK-EMKM (Nuvitasari et al., 2019). The result of previous research by Indra et al. (2021) stated that business owners in Banyuwangi did not use SAK-EMKM because they did not have sufficient knowledge, while another study conducted by Nabilah (2023) stated that MSME owners in Sidoarjo did not have time to prepare financial reports according to standards.

This study proposes two research questions: 1) How do the owners of the Sekarsari Florist MSMEs in Surabaya City view the prospects for implementing the Financial Accounting Standards for Micro, Small and Medium Entities (SAK-EMKM)? 2) What obstacles do Sekarsari Florist MSMEs in Surabaya City face in implementing the Financial Accounting Standards for Micro, Small and Medium Entities (SAK-EMKM)? The motivation of this research is to help micro, small, and medium enterprises (MSMEs) preparing financial reports in accordance with SAK-EMKM. A qualitative study approach was used to investigate research problems through observation, interview, and documentation methods.

2. LITERATURE REVIEW

Micro, Small and Medium Enterprises (MSMEs)

Micro, small and medium enterprises in Indonesia show significant growth potential. Strong support such as extensive global market access and the availability of raw materials and abundant human resources are the driving factors. Based on Chapter 1 Article 1 of Law of the Republic of Indonesia No.20 of 2008 concerning micro, small, and medium enterprises are defined as productive businesses owned by individuals or business entities that meet certain criteria, namely: a) Micro Enterprises have assets of no more than Rp. 50.000.000 excluding land and buildings and income of no more than Rp. 300.000.000. b) Small Businesses have assets of more than Rp. 50.000.000 and at most Rp. 500.000.000 excluding land and buildings. And income from Rp. 300.000.000 to Rp. 2.500.000.000. c) Medium-sized enterprises have assets of more than Rp. 500.000.000 to a maximum of Rp.10.000.000.000. Income of more than Rp. 2.500.000.000 up to Rp. 50.000.000.000.

SAK-EMKM

The Financial Accounting Standard for Micro, Small, and Medium Entities (SAK-EMKM) made by the Indonesian Institute of Accountants is to assist and encourage MSME actors to prepare financial statements by applicable standards. SAK-EMKM came into effect on January 1, 2018, and was ratified by the Financial Accounting Standards Board of the Indonesian Institute of Accountants on October 24, 2016 (SAK-EMKM, 2016). This standard does not receive impairment recognition because it is based on historical costs. According to

SAK-EMKM (2016), The components of financial statements by SAK-EMKM are statements of financial position, income statements, and notes to financial statements.

According to PSAK 01, complete financial statements include statements of financial position, income statements, statements of changes in financial position, and notes to financial statements (IAI, 2015). The first of the financial statements is the statement of financial position, which lists the assets, liabilities, and equity as of a specific date. According to SAK-EMKM, (2016), the components of the statement of financial position are as follows: 1) Assets are recognized as a resource with future economic value that an entity possesses as a result of past events. 2) A liability is a liability that an entity currently has as a result of past events, and when this is resolved, cash flows from resources that have economic value are released. 3) Equity is an entity's remaining ownership of its assets after the deduction of all liabilities.

The second component is the income statement which details the company's performance over a certain period. Here are the elements that must be in the income statement according to SAK-EMKM (2016): a) Income is the increase in economic benefit that occurred during the reporting period. For example, an increase in cash flow, assets, or a decrease in liabilities and an increase in equity that is not attributable to investors. b) Expenses are decreases in profit that do not come from investors and occur during the reporting period. A decrease in cash flows, an increase in liabilities, or a decrease in assets can be the source of this decrease.

The third component is the notes to the financial statements that are arranged systematically and each account is linked to the power contained in it. The following are the details of the items in the notes to the financial statements according to SAK-EMKM (2016): a) Statement on the conformity of financial statements with SAK-EMKM. b) An overview of accounting principles. c) Extra facts and account-specific information that clarifies significant transactions for financial statements consumers.

Recognition is the process of generating an account in the statement of financial that meets the criteria of having measurable costs and benefits linked with the account coming into or going out of the business. The following accounts are listed in the financial statements, per SAK-EMKM (2016): a) Assets are recognized in the statement of financial position when the costs of an asset can be reliably determined and future economic benefits are expected to flow to the enterprise. b) A liability is recognized in the statement of financial position if it is possible to determine the resources in a precise manner. c) Revenue is recognized in the income statement when future economic returns linked to declining assets or falling liabilities grow and can be quantified. d) Expenses are recognized in the income statement when they can be accurately evaluated and there is a decrease in future economic gains associated with reduced assets or increased rising liabilities.

Determining the amount of money needed to list assets, liabilities, income, and expenses in financial statements is the process of measurement. Financial statement components are evaluated using past costs. The historical cost of an asset is the amount of cash or cash equivalents used to purchase an item. Liabilities are the amount of cash or cash equivalents received or anticipated to be utilized to satisfy operational obligations and are referred to as liabilities (SAK-EMKM, 2016).

Fair presentation in an effort has the condition that it must present relevant data, reflect the subject accurately, can be compared and understood. The entity is required to present complete financial statements at the end of the period.

Previous Findings

Previous research provides a broad framework of knowledge and is used as a reference and comparison of research. The following are the results of previous research on the application of financial accounting standards for micro, small, and medium entities (SAK-EMKM) to micro, small, and medium enterprises (MSMEs):

Research conducted by Kirowati dan Amir (2019) discussed the application of SAK-EMKM and the Lamikro application to MSMEs in Madiun City. The Ministry of Cooperatives and MSMEs developed the digital version of a financial recording program called Lamikro (Micro Business Accounting Report). Android-based smartphones and the www.lamikro.com website are your ways to access Lamikro. With the use of this application, MSME participants can more easily compute cash flow, expenses for raw materials, sales, and profit enabling them to independently generate basic financial reports. The results showed that most MSME players in Madiun City have not applied SAK-EMKM in preparing financial reports and do not understand how the Lamikro application works. Kalsum et al. (2021), the results showed that MSMEs registered in Food City Pasar Segar Makassar City have not implemented SAK-EMKM due to several obstacles faced, such as not getting socialization, and not having an adequate educational background. lack of knowledge and understanding and no information regarding the implementation of SAK-EMKM

Research conducted by Siswanti & Suryati (2020), states that although these MSMEs at Istiqamah Store Lhoksemauwe have recorded and compiled financial reports, the financial statements are not in accordance with SAK-EMKM. This is due to several obstacles, namely the owner's lack of knowledge about SAK-EMKM, lack of human resources and not having an educational background in accounting.

Based on the results of previous research, there are still many MSMEs that have not implemented SAK-EMKM due to various obstacles faced. Such as the owner's lack of knowledge of SAK-EMKM, lack of human resources, no educational background and no socialization of SAK-EMKM. Most of the MSMEs only make records manually and simply so that the resulting records are not in accordance with the standards. Therefore, this study aims to determine the presentation of financial statements and the implementation of SAK-EMKM in Sekarsari Florist MSMEs. So that later it will be used as a reference for researchers to compile the financial statements of UMKM Sekarsari Florist in accordance with the Financial Accounting Standards for Micro, Small and Medium Entities.

3. RESEARCH METHODS

The type of research used is qualitative research. According to Creswell (2014), qualitative research is research that aims to understand and thoroughly explain social events through the interpretation of the context, experiences, and views of the individuals involved. According to Sugiyono (2017), qualitative research is usually referred to as a naturalistic research method because it is carried out under natural conditions and collects data for qualitative analysis. The approach used in this study is descriptive. According to Sugiyono (2017), A descriptive approach is defined as a method that aims to find out the characteristics and deeper relationships between the theoretical bases that have been studied to conclude the data.

Location and Subject of Research

This research was conducted at UMKM Sekarsari Florist Surabaya City. This location was chosen because this city is the location of the center of this MSME. Precisely on the Street. Kayoon, Embong Kaliasin, Genteng District, Surabaya, East Java, 60271. The location of Sekarsari Florist is in a special area called kayoon flower market, making it easier for marketing inside and outside the city and access for customers. The subjects in this study include owners and financial parts of MSMEs Sekarsari Florist because the purpose of this study is to determine the application of Financial Accounting Standards for Micro, Small, and Medium Entities in the preparation of financial statements.

Data Collection and Analysis

Data obtained in qualitative research in the form of information, and descriptive obtained through data collection techniques in the form of interviews, observations, and documentation. Interviews were conducted with the owners and financial staff of Sekarsari Florist MSMEs, observations were made by recording all information related to Sekarsari Florist MSMEs, and observing how the flow of accounting records at Sekarsari Florist MSMEs, as well as the documentation process carried out on simple financial statements of Sekarsari Florist MSMEs, proof of transactions, and other supporting documents.

This research uses interactive model data analysis techniques applied by Miles & Huberman (2014) Namely through the process of collecting and reducing data, presenting data, and verifying data. The first is the collection and reduction of data derived from observations, interviews, and documentation related to MSME operations as well as the flow of accounting records to obtain information about the general description and financial statements of MSMEs Sekarsari Florist. The second is the presentation of data, in the form of preparing financial statements by SAK-EMKM. Before preparing financial statements, the procedures that must be carried out are: 1) collecting financial data; 2) checking the completeness of the data; 3) checking compliance with accounting laws and regulations; 4) reconciliation of financial data, and 5) preparing financial statements. The last is data verification or conclusion which can be in the form of a description of the answer to the problem formulation proposed from the beginning or the purpose of the research.

RESULTS AND DISCUSSION

Florist is a micro, small, and medium enterprise engaged in live and artificial flower arrangement services for gift and decoration purposes, which are made according to customer demand. The location of UMKM Sekarsari Florist is on the road. Kayoon, Embong Kaliasin, Genteng District, Surabaya, East Java, 60271. Sekarsari Florist is located in a special area called the kayoon flower market. This location is very strategic so marketing and customer access are easier.

This business was founded in 1989 and still survives today because these MSMEs are consistent in continuing to innovate in products and designs to attract customers. Starting from only selling fresh flower bouquets, now Sekarsari Florist can meet consumer needs by presenting various models of flower bouquets, board flowers, hand flowers, and other flower arrangement variations and participating in various activities.

The Financial Accounting Standards for Micro, Small and Medium Entities (SAK-EMKM) is a guideline aimed at MSME players so that they can apply it in preparing financial statements. The launch of SAK-EMKM aims to facilitate MSME actors in the process of preparing and preparing financial reports. After conducting research that focuses on the presentation of financial statements and the implementation of SAK-EMKM in MSMEs Sekarsari Florist. Researchers will analyze and compile financial reports for the November 2023 period in accordance with the SAK-EMKM format. Data for the preparation of financial statements was obtained through interviews with three research subjects including 1) The owner of Sekarsari Florist MSME, Mr. Bambang, 2) Finance Division One, Mrs. Mendi, and 3) Financial sector two, Mrs. Aqilah. In addition, researchers will explain the secondary data obtained from research subjects to support the results of this study. Based on the research that has been done, this study focuses on how MSMEs Sekarsari Florist presents financial statements and researchers prepare financial statements according to SAK-EMKM.

Financial reports at Sekarsari Florist are still prepared manually and simply, only in the form of records of cash income from sales and cash expenditures for business operational costs such as purchasing raw materials, paying salaries, electricity, water and telephone costs and so on. The main purpose of this recording is only to determine the profit and loss earned in a certain period. And financial statements are only made based on the knowledge and understanding of financial staff, so that the resulting reports are not in accordance with applicable standards, namely SAK-EMKM.

"For recording at Sekarsari Florist, it is just ordinary recording, only recording money in and money out to buy materials or for others. And as for what the applicable standards are, because I'm not a finance person so I don't understand how to make a report that is correct and in accordance with the standards as you said." (Interviewee 2-Staff Finance one-Mendi)

"The recording here is as simple as it is, I entrust it to Mendi and Aqilah because I myself also don't understand how to do the correct financial statements, and about what standards are used for MSMEs, I don't understand that either." (Interviewee 1-Owner of Sekarsari Florist-Bambang).

Based on the results of interviews with MSMEs Sekarsari Florist, on October 14, 2023, it shows that there was a lack of understanding regarding the preparation of financial reports in accordance with SAK-EMKM. due to the lack of information dissemination, lack of knowledge of the owner and the finance department regarding SAK-EMKM, and differences in educational background. The transaction recording cycle at Sekarsari Florist is as follows:



Figure 1. Transaction Recording Cycle of Sekarsari Florist Surabaya City

The transaction recording cycle above shows that recording is still done manually, simply, and can only be understood by the owner and finance department. Financial statements should show the financial condition of MSMEs so that records must be easy to understand, relevant, and accurate. However, because recording is not done routinely and is not sorted by

transaction, the current florist's financial statements have not shown accurate results. So the store's finances are still mixed with personal finances.

The Financial Accounting Standards for Micro, Small, and Medium Entities (SAK-EMKM) have determined the right way of financial management for MSMEs. According to SAK-EMKM (2016), MSMEs must make a statement of financial position showing the position of assets, liabilities, and equity at the end of the period. Second is the income statement that shows financial performance for a period. The latter are notes to the financial statements, which contain additional information and details of special accounts.

"I am not familiar with how to prepare financial reports properly. Therefore, I cannot teach my two staff to produce correct reports. The reports that have been made so far are very simple and are still done manually. If someone teaches me about preparing financial statements then I will learn it and apply it in the future." (Interviewee 1-Owner of Sekarsari Florist-Bambang).

"I also don't understand financial reports because my basic is not coming from a financial person and the recording here is also still manual and simple so I just do what I can, and if there is a guideline or financial report format that can help improve Sekarsari Florist's reports to be structured, I would also like to be taught how to make it and I and Mendi will apply it in the next period of recording." (Interviewee 3-Finance Staff). (Interviewee 3-Finance Staff-Aqilah)

Based on the interview, shows that implementation of SAK-EMKM aim to teach MSME owners and finance department of Sekarsari Florist MSMEs how to take steps in presenting and preparing reports according to applicable standards. Because the owners and financial departments of these MSMEs do not yet know these guidelines.

Statement of Financial Position

This statement of financial position includes the assets, liabilities, and equity accounts of an entity. Also, the financial position statement can be prepared by collecting business information from the owner and financial department of MSMEs Sekarsari Florist through direct interviews and supporting documents so that the author can compile a financial position statement.

"What is the financial position report like? I don't know about this report. There doesn't seem to be a report here, because we only have one financial report that we make as much as we can and also sometimes the recording is still messy." (Interviewee 3-Finance Staff-Aqilah)

"For the financial report, as already explained, we only have one, and only me, Aqilah and Mendi understand it, and with that report alone sometimes we still have trouble." (Interviewee 1-Owner of Sekarsari Florist-Bambang)

Based on interviews conducted by researchers with the owner and finance department, Sekarsari Florist stated that there is still a lack of understanding related to making financial statements by applicable standards. They admitted that they were still experiencing problems so they made simple financial statements that could only be understood by the owner and the financial department. This MSME financial position report was not made because it

experienced obstacles in terms of understanding how to make reports by standards. The following is the Financial Position Statement of Sekarsari Florist based on SAK-EMKM:

Table 1. Sekarsari Florist Financial Position Report for November 2023

SEKARSARI FLORIST BALANCE SHEET NOVEMBER 2023		
ASSETS	Catatan	November
Cash and Cash Equivalents		Rp 3.843.000
<i>Cash in Bank</i>		Rp 19.044.000
Total Cash and Cash Equivalents		Rp 22.887.000
Accounts Receivable		Rp -
Raw Material Supplies		Rp 8.765.000
Equipment		Rp 44.100.000
Motor Vehicle		Rp 356.000.000
Building		Rp 1.000.000.000
Accumulated Depreciation of Equipment		-Rp 33.807.500
Accumulated Depreciation of Motor Vehicle		Rp 154.729.167
Accumulated Depreciation of Building		Rp 650.000.000
TOTAL ASSETS		Rp 660.830.333
LIABILITIES		
Account Payable		Rp 10.000.000
Bank Payable		Rp 100.000.000
TOTAL LIABILITIES		Rp 110.000.000
EQUITY		
Company Equity		Rp 550.830.333
TOTAL EQUITY		Rp 550.830.333
TOTAL LIABILITIES AND EQUITY		Rp 660.830.333

Source: *Processed Data (2023)*

Income Statement

This report contains accounts of revenues and costs incurred by a company, which are used as a benchmark for the success of a company in delivering products to customers.

"At Sekarsari Florist there is no profit and loss statement, usually we only subtract sales from expenses at the end of the month to see the profit. The financial report here is only one, as mentioned by Aqilah." (Interviewee 2-Staff Finance-Mendi)

"Similar to the statement of financial position, for the profit and loss statement in this MSME there is also no, because of our understanding constraints. Usually, I only see profit and loss through existing records regarding sales and expenses, we are only limited to that." (Interviewee 1-Owner of Sekarsari Florist-Bambang).

Based on interviews with the owner and finance department of MSMEs Sekarsari Florist, it is known that these MSMEs have not made an income statement. The calculation of profit and loss is done by subtracting cash receipts from costs such as employee salaries, electricity, water and telephone, fuel, purchasing raw materials, and other costs incurred for operations. Because it does not include the cost of sales and the price used as a reference for other standard prices, the results of this calculation are not accurate. Therefore, the researcher made the Sekarsari Florist Income Statement by SAK-EMKM as follows:

Table 2. Sekarsari Florist Income Statement for November 2023

SEKARSARI FLORIST INCOME STATEMENT PERIODE NOVEMBER 2023		
PENDAPATAN	<u>Catatan</u>	<u>November</u>
Sales of Flowet Bouquet		Rp 14.256.000
Sales of Flower Board		Rp 6.700.000
Sales of Flower Stalk		Rp 406.000
Sales of Table Flower		Rp 350.000
Sales of Paper Flower Board		Rp 350.000
Sales of Artificial Flower Bouquet		Rp 200.000
Sales of Tissue Paper		Rp 25.000
Sales of Snack Bouquet		Rp 50.000
Sales of Vase Flower		Rp 550.000
TOTAL REVENUE		Rp 22.887.000
COST OF GOODS SOLD		
Raw Material Expense		Rp 8.735.000
TOTAL COST OF GOODS SOLD		Rp 8.735.000
GROSS PROFIT		Rp 14.152.000
EXPENSE		
Salaries Expense		Rp 5.000.000
Advertising Expense		Rp 420.000
Electricity, Water, and Telephone Expense		Rp 3.000.000
Fuel Expense		Rp 100.000
Ticket Expense For Rent		Rp 332.000
Freight In		Rp 30.000
TOTAL EXPENSE		Rp 8.882.000
NET INCOME BEFORE INCOME TAX		Rp 5.270.000

Source: *Processed Data (2023)*

Notes to Financial Statements

The last component of the financial statements based on SAK-EMKM is a note to the financial statements which contains information about the statement that the financial statements have been prepared based on the SAK-EMKM as well as additional information

and certain account details that are useful for users of financial statements to understand the financial statements.

"At Sekarsari Florist there is also no this report because we are constrained by understanding to make notes on financial statements. I also don't understand what it is and how to make it. There is only one report that is used for every day, yes, the report is simple. The only ones who understand this report are me, Mendi, and Mr. Bambang. Maybe if you are willing to teach us to make the correct financial statements. (Interviewee 3-Staff Finance-Aqilah)

"As said by Aqilah, Sekarsari Florist does not make reports as detailed as this, only reports in general. Because I don't understand, I can't teach financial staff to make complete and detailed financial reports." (Interviewee 1-Owner of Sekarsari Florist-Bambang)

Sekarsari Florist does not prepare notes to financial statements due to a lack of understanding of the information that must be presented in this section. Therefore, the researcher compiled the Financial Statement Notes of Sekarsari Florist by SAK-EMKM as follows.

Table 3. Notes to Sekarsari Florist's November 2023 Financial Report

SEKARSARI FLORIST NOTES TO FINANCIAL REPORTS NOVEMBER 2023	
1.	<p>GENERAL</p> <p>Sekarsari Florist was established in Surabaya in 1989, Sekarsari Florist is engaged in flower arrangement services. Sekarsari Florist meets the criteria as a micro, small and medium entity in accordance with Law Number 20 of 2008. Sekarsari Florist is domiciled at Jl. Kayoon, Embong Kaliasin, Surabaya, East Java.</p>
2.	<p>OVERVIEW OF SIGNIFICANT ACCOUNTING POLICIES</p> <p>a. Compliance Statement</p> <p>The financial statements prepared by Sekarsari Florist have not used the Financial Accounting Standards for Micro, Small and Medium Entities.</p> <p>b. Basis of Preparation</p> <p>The basis of preparation of the financial statements of Sekarsari Florist is historical cost and uses the accrual basis of assumptions. The presentation currency used for the preparation of the financial statements is Rupiah.</p> <p>c. Accounts Receivable</p> <p>Sekarsari Florist does not have receivables because Sekarsari Florist uses a payment system first, then the order will be made immediately.</p> <p>d. Supplies</p> <p>The inventory provided by Sekarsari Florist is only in the form of purchases of raw materials. Raw material inventory costs include purchase costs and purchase transportation costs recorded in the statement of financial position. Total inventory of raw materials amounted to Rp. 8,765,000.</p> <p>e. Fixed Assets</p> <p>Fixed assets and depreciation methods in the financial statements of sekarsari florist have never been recorded... Fixed assets are recognized at cost. Fixed assets are depreciated using the straight-line method without residual value. After the researcher calculates the msa fixed assets are vehicles and equipment used for operational activities Sekarsari Florist.</p>

f. Revenue and Expense Recognition	
Sales revenue at Sekarsari Florist is recognized when sales to customers occur. Expenses are recognized when incurred, such as salary expenses, electricity, water and telephone expenses, advertising expenses, fuel expenses, and other expenses incurred for operations.	
3. KAS	
	<u>November</u>
Cash and Cash Equivalents	Rp 3.843.000
<i>Cash in Bank</i>	Rp 19.044.000
Total	Rp 22.887.000
Total cash held by the owner of Sekarsari Florist amounted to Rp. 22,887,000 in November 2023.	
4. BANK PAYABLE	
Sekarsari Florist has bank debt of Rp. 100,000,000 which is used to purchase fixed assets in the form of vehicles.	
5. PROFIT BALANCE	
Retained earnings are the accumulated difference between income and expenses, after deducting distributions to owners. And the profit generated by Sekarsari Florist in November 2023 amounted to Rp. 5,270,000 after deducting the costs incurred.	
6. SALES REVENUE	
	<u>November</u>
Sales of Flowet Bouquet	Rp 14.256.000
Sales of Flower Board	Rp 6.700.000
Sales of Flower Stalk	Rp 406.000
Sales of Table Flower	Rp 350.000
Sales of Paper Flower Board	Rp 350.000
Sales of Artificial Flower Bouquet	Rp 200.000
Sales of Tissue Paper	Rp 25.000
Sales of Snack Bouquet	Rp 50.000
Sales of Vase Flower	Rp 550.000
Total	Rp 22.887.000
In accordance with the sales details above. Total sales generated by Sekarsari Florist in November 2023 amounted to Rp. 22,887,000.	
7. OTHER EXPENSE	
	<u>November</u>
Salaries Expense	Rp 5.000.000
Advertising Expense	Rp 420.000
Electricity, Water, and Telephone Expense	Rp 3.000.000
Fuel Expense	Rp 100.000
Ticket Expense For Rent	Rp 332.000
Freight In	Rp 30.000
Total	Rp 8.882.000
In accordance with the details of the above expenses. The total costs incurred for Sekarsari Florist's operations in November 2023 amounted to Rp. 8,882,000.	

Source: *Processed Data (2023)*

4. CONCLUSION AND SUGGESTIONS

Based on the discussion described in the previous chapter, it can be concluded that the owner and financial department of Sekarsari Florist do not know and understand the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK-EMKM). This is due to obstacles faced by Sekarsari Florist, such as lack of dissemination of information, lack of knowledge of owners and finance departments regarding SAK-EMKM, and differences in educational background. Financial statements made by Sekarsari Florist are still prepared

manually and simply, only in the form of records of cash income from sales and cash expenditures for business operational costs such as purchasing raw materials, salary payments, electricity, water and telephone costs and other costs that are only used to determine profits and losses in certain periods.

According to the author, the implementation of Financial Accounting Standards for Micro, Small and Medium Entities (SAK-EMKM) in MSMEs is very important, because the resulting financial statements can show accurate results and are arranged systematically. And also has benefits for sustainability for Sekarsari Florist activities because it can be used as a reference in decision making. The financial statements of MSMEs Sekarsari Florist prepared by researchers based on SAK-EMKM present the financial position statement as of November 2023 showing total assets of Rp. 772,163,666, total liabilities of Rp. 110,000,000 and capital of Rp. 662,163,666. Then the income statement as of November 2023, shows a net profit generated by MSMEs Sekarsari Florist of IDR 8,270,000. the notes to the financial statements present a general description of the company, a statement of compliance in using SAK-EMKM as a basis for preparing financial statements, accounting policies used, and other additional information.

Based on the conclusions of the research results, it can be said that the application of SAK-EMKM has not been implemented by Sekarsari Florist. Therefore, researchers provide advice for Sekarsari Florist Surabaya City to understand and study the preparation of financial statements by the Financial Accounting Standards of Micro, Small, and Medium Entities (SAK-EMKM) to facilitate financial management, find out the performance of the company and its assets, and be used as a basis for decision making for business continuity. In this study, the financial statements for the November 2023 period have been prepared and the format of the financial statements is by SAK-EMKM, so it is hoped that Sekarsari Florist can use this format in preparing financial statements.

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