



ANALYSIS OF THE IMPLEMENTATION OF FINANCIAL ACCOUNTING STANDARDS FOR MICRO, SMALL AND MEDIUM ENTITIES (SAK EMKM) IN BENGKALIS SUBDISTRICT

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ABSTRACT. Indonesia as a developing country prioritizes its economic growth because of the many jobs created, the Micro, Small, and Medium Enterprises (MSMEs) sector is important for the Indonesian economy. Along with the progress of MSMEs in compiling financial reports, Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) have been introduced. SAK EMKM, which is regulated by the Indonesian Institute of Accountants (IAI) and has been effectively enforced since January 1, 2018. This is intended to enable MSMEs to prepare and audit their own financial reports. Although simple, the standard does not significantly change the principles that are generally applied today. This study focuses on 1) how the implementation of SAK EMKM is at MSME Ilham Market, and 2) what are the obstacles in the implementation of SAK at MSME Ilham Market. The purpose of this study is to determine the implementation of SAK EMKM at MSME Ilham Market and to determine the obstacles in the implementation of SAK EMKM at MSME Ilham Market. The research method uses a qualitative approach with field studies through observation, interviews, and documentation, as well as data analysis with data reduction, data presentation, and verification. Data validity is obtained through source triangulation. The results of the study indicate that the financial reports that have been carried out by Toko Ilham Market have not been implemented in accordance with the provisions of the Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM). The obstacles experienced by Toko Ilham Market in implementing the Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM) include the lack of human resources who have knowledge of SAK EMKM and the absence of socialization and training of SAK EMKM in MSMEs..

Keywords: Implementation, Accounting, Standard, Entities, UMKM

Introduction

Indonesia as a developing country prioritizes its economic growth because of the many jobs created, the Micro, Small, and Medium Enterprises (MSMEs) sector is important for the Indonesian economy. (Law of the Republic of Indonesia Number 20 of 2008 Concerning Micro, Small, and Medium Enterprises), Micro businesses are businesses started by individuals or legal entities that operate independently and are not connected to other

businesses or branches. These companies contribute to the economy through their productive and innovative activities, fulfilling the qualifications to be classified as small businesses.¹ Community participation in MSMEs is an indicator of the high participation and role of the community in the country's economic development. According to data from the Ministry of Cooperatives and Small and Medium Enterprises (UKM), the number of MSMEs recorded in March 2023 reached 66 million. MSMEs are one of the driving forces of the Indonesian economy with a fairly large human workforce..²

Along with the progress of MSMEs in compiling financial reports, Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) have been introduced. The adoption of this accounting standard is expected to provide a more holistic view of the performance of MSME management in their history and also in future projections..³ SAK EMKM is designed to be adopted by entities without public obligations, including those with minimal levels of public obligations, as well as by entities that issue financial reports for the public interest to external parties..⁴ The hope of implementing SAK EMKM is to encourage MSMEs to improve their accounting practices, present more informative financial reports, and make it easier for investors to provide financial support to MSME actors..⁵

Although simple, the standard does not significantly change the principles that are generally applied today. Its presence aims to be a guide that is easier to understand by various parties in preparing financial reports that can be well received by various parties..⁶ In fact, the demand for SAK EMKM for MSMEs is quite low, and its use is considered to be a burden on MSMEs. This is due to the lack of accounting knowledge among small entrepreneurs, as well as the lack of understanding of the crucial importance of recording and bookkeeping in maintaining business continuity..⁷

Small business owners often ignore the importance of the accounting process, causing the management of financial reports to be less structured. As a result, small business managers have difficulty in controlling accurate financial information. This is one of the main challenges for MSMEs, especially in terms of finance. Lack of good financial management is an obstacle to the growth of MSMEs..⁸ Although some consider financial management simple, in fact, many business actors do not understand how to prepare and present financial reports according to standards. Many MSMEs have not prepared adequate accounting information in

¹ Abdul, T. (2017). *Strategi Internasionalisasi UMKM* (Makasar). CV. Sah Media

² <https://kadin.id/data-dan-statistik/umkm-indonesia>

³ Amalia, H. S., Tripermata, L., & Putri, A. U. (2022). The Importance of Implementing EMKM Based Financial Accounting Standards (SAK) On The Preparation of Financial Statements in Shop Businesses in Sukarame District, Palembang. *Current Advanced Research On Sharia Finance and Economic Worldwide*, 2(3), hlm. 373–385.

⁴ Amalia, H. S., Tripermata, L., & Putri, A. U. (2022). The Importance of Implementing EMKM Based Financial Accounting Standards (SAK) On The Preparation of Financial Statements in Shop Businesses in Sukarame District, Palembang. *Current Advanced Research On Sharia Finance and Economic Worldwide*, 2(3), hlm. 373–385.

⁵ Diana. (2018). Financial Accounting Standards for Micro, Small & Medium Entitas (SAK EMKM) Implementation and factors that affect it. *JEMA: Jurnal Ilmiah Bidang Akuntansi dan Manajemen*. Vol.15 No.02

⁶ Kurnia, M., Nuraini, B., Aprianto, R., Nurhayati, Y., & Utama, T. (2023, August). The Influence of Educational Level, Business Age and Understanding of Accounting on Application of Micro, Small and Medium Entity Financial Accounting Standards (SAK EMKM) in Lubuklinggau. In *Proceedings International Conference on Business, Economics & Management* No. 1. hlm. 81-89

⁷ Abednego, P., & Barusb, R. S. (2023). Implementation of sak emkm on micro small medium enterprises (case study: bu eko's sosis shop). *International Journal Management and Economic*, 2(1), hlm. 15–20.

⁸ Chanifah, N. R., Bahri, S., & Hasan, K. (2023, March). Analysis of The Application of Financial Accounting Standards For Small And Medium Micro Entities (SAK EMKM) In Various MSMEs. In *Conference on Economic and Business Innovation (CEBI)*, hlm. 45-51

accordance with SAK EMKM, and still rely on simple accounting methods.⁹

Connectedness with financial institutions plays a crucial role in the sustainability of MSMEs, because through this access, MSMEs can expand their businesses and obtain additional sources of funds. One of the keys to gaining this access is by presenting financial reports that serve as guidelines for financial authorities in evaluating the feasibility of MSMEs. In accordance with PSAK No. 1 (revised 2009), financial reports are defined as a structured description of the financial condition and financial performance of an entity (Indonesian Accounting Association, 2018).

Financial reports also reflect the responsibility of management for the stewardship of the resources entrusted to them. To achieve these objectives, financial reports must meet several characteristics, including understandability, relevance of information, reliability of data presented, and comparability with previous periods or with similar entities.¹⁰

SAK EMKM, which is regulated by the Indonesian Institute of Accountants (IAI) and has been in effect since January 1, 2018. This is intended to allow MSMEs to prepare and audit their own financial statements. This provides an opportunity for MSMEs to obtain an audit opinion, which can later be used to support their efforts to obtain funds for business development. However, the existence of SAK EMKM is not widely known by MSME owners because the lack of socialization and sufficient information in the MSME environment is the main factor in the lack of understanding of the standard.

Toko Ilham Market is an MSME that focuses on providing basic necessities, daily clothing, and others. Toko Ilham Market faces challenges in the accounting system applied. Recording costs, especially overhead and non-production costs such as general selling and administrative expenses, is often not considered because it only uses the sid ritail pro application system that does not know how much loss or profit is obtained. The impact is that the costs that have actually been spent are not recorded properly in financial reporting. This causes a mix-up between personal assets and business assets. This condition causes management or business owners to have difficulty in planning profits and controlling costs. In addition, inaccuracy in recording also hinders the ability of management or business owners to prepare financial reports that are in line with the standards that have been implemented. In addition, management or business owners cannot make financial reports accurately according to the guidelines or standards that have been determined..

Literature Review

Theoretical Study

1. Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM)

a. Definition of SAK EMK

Accounting standards are concepts, principles, methods, techniques and others that are deliberately selected on the basis of a conceptual framework by a standard-setting body (or an authorized party) to be applied in an environment or country and stated in the form of an official document in order to achieve the financial reporting objectives of that country.¹¹

b. Benefits and Objectives of SAK EMKM

SAK EMKM provides guidelines that make it easier for companies, especially

⁹ Mutiara, N., Wijayangka, C., & Kartawinata, B. R. (2021). Adopsi Media Sosial Terhadap Kinerja UMKM Di Kota Bandung. *Jurnal Ilmiah MEA (Manajemen, Ekonomi, & Akuntansi)*, 5(1), hlm. 1673-1684.

¹⁰ Cahyaningtias, C., & Lamaya, F. (2023). Analysis of The Use of Accounting Information and Application of Financial Accounting Standards of Small and Medium Enterprises (SAK EMKM) In Fisheries MSMEs in Nusa Tenggara Timur (Case study at Al-Ijtihad MSMEs in Kupang City). *JASS (Journal of Accounting for Sustainable Society)*, 4(01).

¹¹ Suwandjono, Teori Akuntansi: Perekayasan Pelaporan Keuangan. BPFE. (2008). Yogyakarta.

MSMEs, to prepare proper financial reporting. By complying with this standard, management can more effectively make business decisions, such as planning future developments and obtaining financial support from third parties such as loans.¹²

c. Use of SAK EMKM

- 1) Entities that are not substantially bound to the public accountability system.
- 2) Publishing financial reports that aim to provide financial information to external users, such as shareholders who are not directly involved in business management or other investors, is a standard practice for business entities. These external users use financial reports as a basis for making investment decisions or evaluating company performance. A business entity can be classified as having significant involvement in the public accountability system if
- 3) Business entities that have filed a registration statement to register their securities on the capital market are part of a formal process involving the submission of statements to the capital market authority or relevant regulator. This process aims to obtain permission to issue securities on the capital market, and is an important step in the entity's efforts to gain access to broader funding sources.
- 4) Business entities such as banks, insurance companies, brokers, securities dealers, pension funds, mutual funds, and investment banks, which manage assets in a fiduciary capacity for a large group of people around them, play an important role in the economy. Entities that are categorized as having significant public accountability can utilize SAK EMKM, if permitted by regulations imposed by the competent authority. This helps ensure that the entity follows accounting standards that are appropriate to its characteristics and scale of operations, thereby providing clarity and consistency in the presentation of financial information to interested parties.

d. Financial Statements According to SAK EMKM

The financial position statement presents information about the assets, liabilities, and equity of an entity at the end of the reporting period. Complete financial statements according to the Financial Accounting Standards for Micro, Small and Medium Entities include:

- 1) Balance Sheet The balance sheet includes at least the following items:
 - a) Cash and cash equivalents.
 - b) Receivables.
 - c) Inventories.
 - d) Fixed assets.
 - e) Trade payables.
 - f) Bank loans.
 - g) Equity
- 2) Income Statement SAK EMKM requires entities to present an income statement that represents the entity's financial performance for a period. Entities present items and parts of items in the income statement if the presentation is relevant to understanding the entity's financial performance. The Income Statement includes at least the following items:
 - a) Revenue
 - b) Finance charges
 - c) Tax charges.
- 3) Notes to the financial statements contain a summary of significant accounting policies, as well as various other relevant and important explanatory information.

¹² Diana. (2018). Financial Accounting Standards for Micro, Small & Medium Entitas (SAK EMKM) Implementation and factors that affect it. JEMA: Junal Ilmiah Bidang Akuntansi dan Manajemen. Vol.15 No.02

This note provides additional context to understand the numbers in the main financial statements, helping stakeholders gain a deeper and more comprehensive picture of the company's financial condition.

Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) are standards used as a reference or guideline in presenting or creating financial reports for MSMEs so that financial reports can be trusted and useful for their users..¹³

2. Micro, Small and Medium Enterprises (MSMEs)

a. Defenition

Micro, Small and Medium Enterprises (MSMEs) are one of the leading supporting forces in economic development. The movement of the MSME sector is vital to creating growth and employment. MSMEs are quite flexible and can easily adapt to the ebb and flow and direction of market demand.¹⁴

b. Criteria for MSMEs

Criteria for micro, small and medium enterprises include¹⁵:

- 1) Micro Enterprises have regulated criteria, where the business has a net worth ranging from IDR 50,000,000.00 (fifty million rupiah) without taking into account the value of the land and building where the business is located, or has annual sales results that do not exceed IDR 300,000,000.00 (three hundred million rupiah).
- 2) Criteria for Small Enterprises refer to businesses that have net worth in the range of IDR 50,000,000.00 (fifty million rupiah) to a maximum of around IDR 500,000,000.00 (five hundred million rupiah), excluding the value of the land and building where the business is located. In addition, this business has an annual income ranging from more than IDR 300,000,000.00 (three hundred million rupiah) to a maximum of around IDR 2,500,000,000.00 (two billion five hundred million rupiah).
- 3) Medium Enterprises refer to enterprises that have net assets ranging from more than Rp500,000,000.00 (five hundred million rupiah) to a maximum of around Rp10,000,000,000.00 (ten billion rupiah), without taking into account the value of land and buildings where the business is located. In addition, this enterprise also has annual income ranging from more than Rp2,500,000,000.00 (two billion five hundred million rupiah) to a maximum of around Rp50,000,000,000.00 (fifty billion rupiah).

c. Constraints of MSMEs

- 1) Transaction costs are often a high burden for entrepreneurs, caused by complex credit procedures. This process takes a long time for applicants, while the amount of credit provided is relatively small. This makes the use of credit less efficient in supporting business progress.
- 2) Limited access to formal funding sources is often caused by the unavailability of financial institutions such as banks in remote areas or lack of adequate access to information. This makes it difficult for entrepreneurs, especially those in rural areas, to obtain the financial support needed to develop their businesses.
- 3) Interest rates on business loans intended for working capital are often high and

¹³ Ikatan Akuntan Indonesia (IAI), Standar Akuntansi Keuangan Entitas Mikro, Kecil, dan Menengah (SAK EMKM), 50

¹⁴ Riyanto, Rum. Keberadaan Pajak UMKM bagi Pembangunan Indonesia. Undang-Undang Nomor 20 Tahun 2008 tentang Usaha Mikro, Kecil dan Menengah (UMKM)

¹⁵ Mutiah, R. A. (2019). Penerapan Penyusunan Laporan Keuangan pada UMKM Berbasis SAK EMKM. 3(3), hlm. 223–229.

unaffordable for entrepreneurs. This can be a significant obstacle for those who want to develop their businesses by utilizing loan capital.

- 4) Many MSMEs have not been able to meet the various requirements set out in the EMKM SAK. This can be caused by a lack of transparency in financial management or a lack of managerial and financial capabilities in managing their businesses.¹⁶

d. Problems faced by MSMEs

Problems related to accounting in financial reporting and documentation are one of the challenges faced by MSMEs in running small businesses. Due to lack of knowledge and belief that accounting records complicate work, many MSMEs have not actually implemented accounting records or applied financial information to their businesses. Accounting is a measurement and recording procedure used in wealth management which then produces financial data.¹⁷

e. Legal Basis for MSMEs

Legal regulations or legal basis governing MSMEs in Indonesia, including: 1) Law Number 9 of 1995 concerning Small Businesses. 2) Government Regulation Number 44 of 1997 concerning Partnerships. 3) Government Regulation Number 32 of 1998 concerning Small Business Development and Fostering. 4) Presidential Instruction Number 10 of 1999 concerning Empowerment of Medium Enterprises. 5) Presidential Decree Number 127 of 2001 concerning Business Sectors/Types Reserved for Small Businesses and Business Sectors/Types Open to Medium or Large Businesses with Energy Partnership Requirements. 6) Presidential Decree Number 56 of 2002 concerning Restructuring of Small and Medium Business Credit. 7) Regulation of the Minister of State-Owned Enterprises Per-05/MBU/2007 concerning Partnership Program of State-Owned Enterprises with Small Businesses and Community Development Program. 8) Regulation of the Minister of State-Owned Enterprises Per-05/MBU/2007 concerning Partnership Program of State-Owned Enterprises, 9) Law Number 20 of 2008 concerning Micro, Small, and Medium Enterprises. 10) Regulation of the Government of the Republic of Indonesia Number 17 of 2013 concerning Implementation of Law Number 20 of 2008 concerning Micro, Small, and Medium Enterprises.¹⁸

Research methods

The type of research conducted in this study is direct field research, interviews, and documentation to obtain data using the observation method (observation) of the UMKM Toko Ilham Market Jalan Bantan, in Senggoro Village using a qualitative data approach. The subjects of the study are the parties used as samples in a study, while the object in this study is the Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM). The research location was conducted at the Toko Ilham Market located in Bantan Senggoro, Bengkalis District, Bengkalis Regency for approximately 3 (three) months. The population that is the object of the study is all employees of the UMKM Toko Ilham Market Jalan Bantan, Senggoro Village and the Sample is the Owner and Cashier of the Toko Ilham Market Business in Bengkalis. Primary and secondary data sources with Observation, Interview and Documentation Data Collection Techniques

¹⁶ Kosadi, F., & Ginting, W. (2022). The Socialization Of Financial Accounting Standards For Micro, Small And Medium Entities (SAK EMKM) And Workshop On Spreadsheet Applications For Financial Reports. *Inaba Community Services Journal (Inacos-J)*, 1(1), hlm. 30–47

¹⁷ Natasha Hilary Simanjuntak, Penyusunan Laporan Keuangan UMKM Berdasarkan SAK EMKM, *Jurnal Akuntansi Manado*, Vol.2 No.3 (Desember 2020), hal.36

¹⁸ Lathifah Anim dan Noorman, *UMKM (Usaha Mikro, Kecil & Menengah) dan Betukbentuk Usaha*, (Jawa Tengah: UNISSULA PRESS: 2018), hlm. 1-2

Results and Discussion

Research Results

Ilham Market Store is one of the MSMEs that focuses on selling basic necessities, clothing, cosmetics and other necessities. In companies operating in the trade sector, financial reports have a crucial role for business continuity. This report is the basis for making decisions and considerations that are in accordance with the interests of various related parties.

Documentation and interviews are two data collection techniques used in this study. As a result, researchers who use this methodology present related data from field research. From the field research that has been conducted, the results of interviews with the owner of the Ilham Market Store MSME indicate that in preparing their financial reports they use alternatives, namely the sid retail pro application to record their business income and expenses.

The sid retail pro application is a cashier program or software that is specially designed with a design that is easy to use by anyone, a cashier program that is suitable for selling wholesale goods, minimarkets, supermarkets, supermarkets. This software is accessed using a network either from a regular LAN or using a supporting internet connection.

1. Analysis of the Implementation of SAK EMKM in UMKM Toko Ilham Market

Financial Report is a report that shows the current financial condition of a company or in a certain period. Based on the results of interviews conducted by researchers with shop owners and shop cashiers, the preparation of financial reports at the Ilham Market Shop is presented in the form of recording income and expenses through the application. The following is the conformity of the financial report at the Ilham Market Shop with the Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM), namely:

a. Balance Sheet

Some components in the balance sheet are cash and cash equivalents, receivables, inventory, fixed assets, accounts payable, bank loans, and equity.

- 1) Cash and Cash Equivalents The company's short-term operational or investment activities in highly liquid terms, easily converted into cash, and do not experience large fluctuations in value, can be financed at any time using cash and cash equivalents, namely cash and bank balances. Cash and cash equivalents are included in the weekly income report of Toko Ilham Market.
- 2) Inventory Inventory in this financial report refers to the value of goods owned by the company to be sold or produced in its business process. This includes raw materials, goods in the production process, and finished goods ready for sale. Inventory is usually considered an asset in the company's balance sheet. In the financial statements, the value of inventory is reflected in the account balance called "Inventory".
- 3) Receivables Receivables are current assets in a company because they involve transactions for the sale of goods or services to other parties with payments made on credit or still outstanding. At Toko Ilham Market, receivables are included in the income column in its financial statements.
- 4) Accounts Payable Related to accounts payable at Toko Ilham Market, it is the company's obligation due to the purchase of goods or services paid in installments over a short period of time, not included in the financial statement format. However, the debt is recorded separately in another book.
- 5) Bank Debt Like accounts payable, bank debt is a debt that arises from loans given by the bank to the company. At Toko Ilham Market, the shop owner does not have any debt to the bank.

- 6) Fixed Assets During the preparation of Toko Ilham Market's financial statements, there are fixed assets tangible assets used in the production or delivery of goods or services. Buildings, land, motorbikes, car refrigerators, and other similar assets are often owned to support business operational activities and are not intended for sale.

b. Profit and Loss Report

There are several components in the profit and loss report, there are several components in it, as follows.

- 1) Income Income is the total money earned by a company or shop from its business, in this case such as selling products or services to customers. At Toko Ilham Market, income is usually done in the income column.
- 2) Expenses Expenses are expenses incurred during the procurement of goods or services in business income. At Toko Ilham Market, recording expenses is entered in the expense column.

c. Notes on Financial Statements

Regarding the Notes on the financial statements at Toko Ilham Market, it has been presented in the application they use but the owner does not want to tell about it because for the shop owner it is a private matter to be told outside the owner and shop workers.

2. Constraints in the Implementation of Financial Accounting Standards for Micro, Small and Medium Enterprises (SAK EMKM) in Micro, Small and Medium Enterprises (MSMEs) Ilham Market

a. Lack of Human Resources with Knowledge of SAK EMKM

Accounting records carried out by MSMEs must be in accordance with the standards. The accounting record standards usually carried out by MSMEs are using SAK EMKM, which are standards made by IAI (Indonesian Institute of Accountants). This SAK EMKM is expected to be able to simplify accounting records carried out by MSMEs. However, MSME Toko Ilham Market does not know or understand SAK EMKM.

b. Lack of socialization and training of SAK EMKM in MSMEs

Sometimes some MSMEs are not aware of the importance of accounting records because of the lack of information regarding the benefits of accounting records. At Toko Ilham Market itself, they think that this accounting record is not important, for them using the application they use to record their income and expenses is currently very helpful for them.

Discussion of Findings

1. Analysis of Implementation of SAK EMKM at Toko Ilham Market

Based on the analysis conducted by the researcher at Toko Ilham Market, it was concluded that the recording of financial reports was not optimal because it did not meet the standards set in the Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM). If following these standards, financial reports should consist of a balance sheet, profit and loss statement, and notes to the financial statements. However, the financial reports that have been prepared by the owner of the Ilham Market store do not comply with the structure contained in the three components.

The recording and preparation of financial reports carried out by the owner of the Ilham Market store has used an application but the process applied is not in accordance with the accounting cycle. In addition, the financial reports are only understood by the owner and one employee he trusts. In terms of income and expenses made by the Toko Ilham Market report, it has not differentiated them as determined in the Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM).

2. Constraints on the Implementation of Financial Accounting Standards for Micro, Small and Medium Enterprises (SAK EMKM) in Ilham Market Micro, Small and Medium

Enterprises (MSMEs)

The financial records of Toko Ilham Market are very clear, especially since they use applications, but they only manage the income and expense sections related to the company's operations. The balance sheet, income statement, and notes to the financial statements are the three main components of the financial statements, and this violates the Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM). The financial statement notes provide further details and additional information regarding related items. Various problems that become obstacles in recording financial statements in accordance with the Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM) by Toko Ilham Market, namely:¹⁹

- a. Lack of Human Resources with Knowledge of SAK EMKM The obstacle in recording accurate financial statements in accordance with the Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM) at Toko Ilham Market is the lack of understanding of the correct way to record financial statements in accordance with applicable standards. Well-structured financial reports are very good for the continuity of a company's operations because they can meet the needs of various parties involved in the company, such as companies using financial reports to make strategic decisions, including when to buy, sell, assess the ability to pay salaries and employee benefits, and evaluate the risk of providing loans to the company based on financial analysis and business performance recorded in the financial report.
- b. Lack of socialization and training of SAK EMKM in MSMEs The lack of socialization and training from the government is an obstacle in recording financial reports in accordance with the Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM) at Toko Ilham Market. All development of MSMEs must be the responsibility of all parties, especially the government. In this case, government support is very important for the growth of MSMEs because it can increase the awareness of MSME actors of the importance of accurate financial reports based on the Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM) through socialization and education. Government socialization and counseling can also be beneficial for MSME actors who are still confused about preparing financial reports in accordance with SAK EMKM.

Conclusion

The financial reports that have been made by Toko Ilham Market are not implemented in accordance with the provisions of the Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM). The obstacles experienced by Toko Ilham Market in implementing the Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM) include the lack of human resources who have knowledge of SAK EMKM and the absence of socialization and training of SAK EMKM in MSMEs

Suggestions

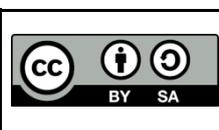
1. For the Owner of Toko Ilham Market, even though they have used the application, it would be better to also record in accordance with the Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM) to manage finances more appropriately.
2. For the Government, it is expected to provide socialization and training related to the implementation of SAK EMKM by MSME actors, in terms of preparing good and correct financial reports according to the Financial Accounting Standards for Micro, Small and

¹⁹ Ikatan Akuntan Indonesia (IAI), Standar Akuntansi Keuangan Entitas Mikro, Kecil, dan Menengah (SAK EMKM), hlm. 8

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