

Analysis of Internal Control Over the Preparation of Financial Statements in MSME Based on Sak MSME (Study on Kopi Eksis)

Muhammad Reyhan¹, RM. Rum Hendramin², Reny Aziatul Pebriani³
^{1,2,3}Fakultas Ekonomi, Universitas Indo Global Mandiri, Indonesia

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ABSTRACT

This research is a qualitative research that aims to analyze internal control over the preparation of financial statements for MSMEs based on SAK MSME (Study Kopi Eksis). The data used in this study are primary data and secondary data. The method used in this research is descriptive qualitative analysis. The results of this study show that internal control in existing coffee there are several problems that hinder the recording of existing coffee and result in them not having compiled financial statements based on the applicable SAK MSME. Because there is no receipt for purchasing expenses or income to be recorded to compile financial statements from owners and employees. The conclusion of the results of this study is that business owners have not been able to implement the process of preparing financial statements based on SAK MSME.

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Corresponding Author:

Muhammad Reyhan

Fakultas Ekonomi,

Universitas Indo Global Mandiri

Jalan Jenderal Sudirman No 629 KM 4 30128 Palembang South Sumatra, Indonesia

Email: manreyy18@gmail.com

1. INTRODUCTION

There are so many resources that we can use to be processed into something useful, this is what makes the creation of a Micro, Small and Medium Enterprises (MSMEs). Micro, Small and Medium Enterprises (MSMEs) are very important in creating jobs, assisting the government in reducing the existing unemployment rate, and increasing the economic level of the community. Micro, Small and Medium Enterprises (MSMEs) activities are closely related to accounting, this is useful for knowing the development of Micro, Small and Medium Enterprises (MSMEs) clearly and used as material to evaluate (Diajeng et al, 2019). MSMEs are divided into three, namely micro businesses, small businesses, and medium businesses based on Law No. 20 of 2008 concerning MSMEs. Micro businesses have a maximum net worth entity of 50 million, and a maximum annual sales of 300 million, small businesses have a maximum net worth entity of 50 million and a maximum annual sales of 500 million, and medium-sized businesses have a maximum net worth entity of 10 billion and a maximum annual sales of 50 billion.

Several studies have also found that there are still many MSMEs in Indonesia that have not been able to operate financial reports properly because the accounting standards are still too difficult so that they cannot be applied by MSMEs even though the requirements for measuring assets, liabilities, income, and expenses in SAK EMKM are still based on pervasive concepts and principles

from the basic framework for the preparation and presentation of financial statements as we learned in the IFRS convergence SAK.

This IFRS-based general SAK is a financial accounting standard that regulates the accounting treatment for transactions carried out by entities with significant public accountability. SAK ETAP is a financial accounting standard used by entities without significant public accountability but publishes financial statements for general purposes. Meanwhile, SAK EMKM is shown to meet the financial reporting needs of micro, small and medium entities. To experience the development of MSMEs, additional funds can be in the form of sales proceeds and loans from creditors or banks.

Loans from creditors or banks must require financial reports that must comply with SAK EMKM. However, many MSMEs have not been able to record, bookkeeping and also make financial reports. Even though recording, bookkeeping, and financial reports are important things for every entity to do, in order to evaluate entrepreneurial performance every year (Ari dkk, 2019). Many existing MSMEs do not have financial reports, with the existence of SAK EMKM, the recording of financial reports can be organized by the MSMEs themselves, MSMEs also no longer need to prepare financial reports based on general SAK based on IFRS and SAK ETAP.

SAK EMKM is a Financial Accounting Standard specifically created as a benchmark for financial accounting standards in MSMEs. The Indonesian Accounting Association (IAI) develops accounting standards to meet the needs of MSMEs by making financial accounting standards that support the progress of MSMEs in Indonesia. The issuance of SAK EMKM by DSAK is expected to make it easier for EMKM business actors to compile financial reports so that they can become the basis for decision making by EMKM management and other parties (banks, financial institutions, etc.), this SAK is also expected to be a bridge for MSMEs that are accustomed to using the cash basis to financial reports in accordance with SAK EMKM.

The EMKM statement of financial position consists of assets, liabilities and equity. The income statement according to SAK EMKM is the same as other SAKs, namely income and expenses, from the reduction of income and expenses will determine the amount of profit generated by MSMEs. Notes to financial statements based on SAK EMKM consist of an overview of accounting policies, a statement on the preparation of financial statements based on SAK EMKM and additional information on important and material transactions.

Financial reports according to the Indonesian Accounting Association (2019) are part of the financial reporting process. According to the Financial Accounting Standards applicable in Indonesia, a complete financial report consists of 5 types of reports, namely the Income Statement, Statement of Changes in Capital, Statement of Financial Position (Balance Sheet), Cash Flow Statement, and Notes to Financial Statements (CALK). In this recording requires human resources that function to record transactions which will then be made into financial reports based on SAK EMKM, internal control plays a role in seeing whether the recorder is not a dual position that will interfere with recording activities.

Internal control of inventory of goods if implemented correctly, namely by applying the elements of internal control that are interconnected with each other in harmony to produce good inventory information. Good information is an indicator that the effectiveness of internal control of goods inventory has been achieved. If the control information system run by a business entity does not implement the elements of an internal control system and does not relate to each other harmoniously, the effectiveness of internal control of goods inventory will be difficult to achieve because one of the main objectives of the internal control information system for goods inventory is to improve internal control.

The main elements of the internal control system according to (Mulyadi, 2016) are an organizational structure that clearly separates functional responsibilities, a system of authority and recording procedures that provide adequate protection of assets, debts, income and costs, sound practices in carrying out the duties and functions of each organizational unit, employees whose quality is in accordance with their responsibilities. In carrying out its activities, companies generally really need an effective and efficient information system, especially information that suits the needs of management and various parties outside the company.

This coffee shop does not yet know the financial statements based on SAK EMKM. In 2018 the government tells MSMEs to have financial reports based on SAK EMKM and until now there are still

many MSME players who have not implemented financial reports based on SAK EMKM so the author wants MSME financial reports based on SAK EMKM, even though with financial reports based on SAK EMKM they can find out if the financial statements affect the development of MSMEs by looking at the financial statements, whether they experience losses or profits and evaluate for the progress of these MSMEs. So, this study aims to analyze internal control over the preparation of financial statements in MSMEs based on SAK EMKM (Study on Kopi Eksis) ".

2 RESEARCH METHOD

This research is a qualitative study that aims to analyze internal control over the preparation of financial statements in MSMEs based on SAK EMKM (Study on Kopi Eksis). The data used in this study are primary data and secondary data. The method used in this research is qualitative descriptive analysis.

3 RESULTS AND DISCUSSIONS

3.1 Data Analysis

The first thing in preparing financial statements, researchers must analyze the activities carried out by Eksis Coffee MSMEs. This was done by researchers because to analyze business capital, cash, business identity, employee wages, income, and so on. As a step for researchers to conduct financial reports based on SAK EMKM. The previous financial report by the owner of Kopi Eksis was only limited to recording daily income and expenses which were then summed up weekly. Based on interviews and observations with the owner of Kopi Eksis, the owner does not apply the recording of financial statements in accordance with accounting standards. Due to the absence of accounting labor and the lack of understanding of the owner and employees in making these records.

Table 1. SAK EMKM Data Analysis

No.	Statement of Financial Position	Income Statement	Notes to the Financial Statements
	The reports presented in this report are:	The reports presented in this report are:	A report that contains:
1.	<ul style="list-style-type: none"> a) Cash and cash equivalents. b) Receivables. c) Fixed assets. d) Trade payables or bank payables. e) Equity. 	<ul style="list-style-type: none"> a) Revenue. b) Financial Expenses. c) Expenses. 	<ul style="list-style-type: none"> a) A statement that the financial statements have been prepared in accordance with SAK EMKM. b) A summary of accounting policies. c) Additional information and details of certain accounts.
2.	An entity presents accounts and parts of accounts in the statement of financial position if the presentation is relevant to understanding the entity's financial position.	An entity presents accounts and parts of accounts in the income statement if the presentation is relevant to understanding the entity's financial performance.	The type of additional information and details presented depends on the type of business activities carried out by the entity.
3.	SAK EMKM does not specify the format or order of the accounts presented.	The income statement includes all income and expenses recognized in a period, unless SAK EMKM requires otherwise.	The notes to the financial statements are presented systematically to the extent practicable.

Source: Data processed 2022

3.2 Internal Control Analysis at Kopi Eksis

Internal control can be interpreted as an analysis of the results of the representation of all activities within the organization that must be carried out. In analyzing internal control at Kopi Eksis, researchers must know that the existing employee positions have their own work to do so that an

error does not occur. There are 3 problems that must be researched in Kopi Eksis business activities, namely separation of duties, document verification, and safeguarding business assets.

a. Segregation of Duties

Separation of duties is very important for effective internal control because it reduces the risk of errors and inappropriate actions. In the results of interviews and observations conducted at Kopi Eksis, they have concurrent positions which make them do all the work that makes them do work that they shouldn't do which is due to the lack of human resources at Kopi Eksis which results in them having to do concurrent positions.

b. Document Verification

Transaction documents are a process of determining the correctness or validity of documents and determining accounts and their effect on other accounts. Based on the results of interviews with the owner of Kopi Eksis and observations made at Kopi Eksis, they do not have proof of the correctness of transactions such as payment receipts and recording evidence of transactions, the amount of money, and the parties involved in the transaction which results in them not being able to make financial reports based on existing SAK for MSMEs, namely SAK EMKM.

c. Safeguarding Business Assets

The internal control system for the company can protect business assets from theft, fraud, and abuse. Based on the results of interviews with the owner of Kopi Eksis and observations made, there has been no theft, fraud, and abuse at Kopi Eksis.

3.3 Results Constraints Faced by Kopi Eksis

Based on the research results obtained, there are several obstacles faced by Kopi Eksis that have not implemented SAK EMKM, namely as follows:

1. Lack of knowledge and understanding between the owner and employees of Kopi Eksis about financial accounting standards based on SAK EMKM.
2. Eksis Coffee MSMEs do not have accounting labor so they have not been able to make financial reports based on financial accounting standards.
3. The occurrence of concurrent positions for the work performed.
4. No one has introduced these accounting standards to MSME owners, so MSME owners do not know and recognize SAK EMKM.

3.4 Analysis of the Implementation of SAK EMKM in Kopi Eksis

Financial statements are the final result of accounting activities. This report summarizes transaction data that is useful for decision making. From the results of the researcher's interview with the owner of Kopi Eksis, it is known that the recording carried out is still very simple and recorded manually. Recording is done to find out the amount of summation that occurs each month. Recording of each sales transaction is recorded and reported only on income and expenses. Meanwhile, salaries, electricity, and water expenses are not recorded. The bookkeeping report itself is prepared by the owner and employees who double as administration based on recorded transaction evidence.

In the preparation of financial statements there are certain standards as guidelines for its preparation. This standard is made into a basis that is used in general so that the financial statements are prepared and can be understood by internal and external parties as users of financial statements. For MSMEs, SAK EMKM is used as a reference in preparing financial statements. SAK EMKM contains a statement of financial position, income statement, and notes to financial statements. The recording cycle carried out by Kopi Eksis starts from recording sales transactions and recording expenses per day which are reported on the recap of income and expenses summed up to see the level of profit or loss experienced each month. In SAK EMKM there are several provisions that can be used as a guide for preparing financial reports at Kopi Eksis. But until now, the recording of current and non-current assets, as well as short and long term liabilities has not been carried out in accordance with the applicable SAK EMKM. The financial statements based on SAK EMKM should compile a statement of financial position, income statement, and notes to the financial statements.

3.5 Statement of Financial Position

The statement of financial position is a report that describes the financial position of an MSME or company on a certain date. The statement of financial position presented is the accounts of assets, liabilities, and equity. The entity's statement of financial position may include these accounts:

a. Cash and cash equivalents

Cash is a medium of exchange that is owned and ready to be used in company or MSME transactions, whenever desired. In the statement of financial position, cash is the easiest asset to liquidate. Cash is the most liquid asset, which can be used as a means of payment that is ready and free to be used to finance the company's general activities.

Based on the results of interviews with the owner of Kopi Eksis, the total incoming cash obtained by Kopi Eksis in July, August, and September amounted to Rp.32,834,270.

Table 2. Kopi Eksis Cash in July, August, and September

	Amount (Rp)
Cash	32.834.270
Total Capital	32.834.270

Source: Data processed, 2022

Capital is a collection of money or goods used to run a business. According to Lawrence J. Gitman, capital is defined as long-term loans owned by the company or anything that is on the right side of the company's balance sheet other than liabilities.

There are 2 types of capital based on the source, namely internal capital and external capital. Internally sourced capital is capital obtained from the wealth of a person or entity which is usually obtained from sales proceeds while externally sourced capital is a source of capital obtained from outside the company or funds obtained from creditors or shareholders.

Based on the results of interviews with the owner of Kopi Eksis, the owner of Kopi Eksis had capital at the time of opening the business, which amounted to Rp.20,000,000, -.

Table 3. Initial Capital of Kopi Eksis

	Amount (Rp)
Capital	20.000.000
Total Capital	20.000.000

Source: Data processed, 2022

b. Accounts Receivable

Receivables in accounting are one type of transaction in the accounting world in the form of billing to consumers or other parties who owe money. If debt is an obligation that must be paid to the company or other parties then, receivables in accounting are the opposite. Accounts receivable have characteristics, namely the existence of a due value, due date, applicable interest. Accounts receivable also have types, namely trade receivables, notes receivable, and other receivables.

Account receivable is an amount of credit purchases from customers. This arises as a result of the sale of goods or services. Examples of receivables are those that are expected to be collected within 30 to 60 days. Notes receivable is a formal letter issued as a form of debt measurement. Notes receivable usually have a collection period of 60-90 days or longer and require the debtor to pay interest. Notes receivable and trade receivables caused by sales transactions are commonly referred to as trade accounts receivable.

Other receivables are other receivables that include other than trade. Examples are interest receivables, salaries, employee advances, and tax refunds. Based on the results of my interview with the owner of Kopi Eksis, the owner has never had any type of receivable against any party.

c. Inventory

Inventories according to PSAK No. 14 of 2015 are assets that are held for sale in the normal course of business, in the production process for sale, or in the form of raw materials or equipment used in the production process or service delivery. Based on the results of interviews with the owner of Kopi Eksis, the amount of inventory owned by Kopi Eksis in July, August and September was Rp.6,870,000.

Table 4. Kopi Eksis Inventory in July, August, September

Item	Price (Rp)	Amount	Total (Rp)
A. raw materials			
robusta coffee beans	270.000/3kg	9kg	2.430.000
arabica coffee beans	84000/month	3 wrap	252.000
sweetened condensed milk	462.000/dus	2 dus	924.000
powder and syrup	900.000/month	3 month	2.700.000

Non-coffee			
Lemon Tea	36.000/pack	9 pack	324.000
refillable gallon water	16.000/refill	15x refill	240.000
Total			6.870.000

Source: Data processed, 2022

d. Fixed Assets

According to PP RI No. 24 of 2005, the definition of assets can be divided into two, namely current assets and non-current assets. Current assets are one of the most liquid types of assets. In other words, they are the type of assets that are most easily and quickly converted into cash. Non-current assets are assets that have a cycle and a useful period of more than one year. Non-current assets are divided into three parts, including fixed assets, intangible assets, and long-term investments.

Fixed assets are tangible items owned by a company or MSME that are permanent and used in the daily activities of the company or MSME, not for sale. But, please note that not every asset of a company or MSME can be categorized as fixed assets. Intangible assets are assets that are not physically visible or invisible but have value and benefits for the company itself. Investment is an asset that is used with the aim of obtaining wealth growth. In this case, the investment made is a long-term investment. In other words, the investment in question includes all long-term investments made by a company. Both in the past and in the present.

Based on the results of interviews and observations with the owner of Kopi Eksis, researchers can only get data on the total amount of assets due to lack of recording and also the owner of Kopi Eksis has forgotten how many other assets are in Kopi Eksis which results in not obtaining data on the amount of other assets. The total amount of assets they currently obtain is IDR 50,000,000.

Table 5. Kopi Eksis Assets in July, August, September

Amount (Rp)	
Aset	Rp.50.000.000
Total Aset	Rp.50.000.000

Source: Data processed, 2022

e. Debt

Debt is part of the obligation of a company or MSME to pay a certain amount of money, goods, or services in the future to other parties due to transactions made in the past. Debt has several types, namely long-term debt and short-term debt. Long-term debt is debt with a relatively long maturity, usually within one accounting period or even longer. The advantage of this debt is that a business can increase the value of assets (both in the form of investment, as well as the purchase of movable and immovable assets) and profits in the financial statements in that period, and make the turnover of money relatively fast. Meanwhile, short-term debt is debt that only has a maturity of less than one year. In accounting, short-term debt and its repayment will be recorded every period in the financial statements. Based on the results of research with the owner of Kopi Eksis, the owner has never had debt with any party.

f. Equity

Equity is a contribution of the owner to a change while showing the owner's rights to the change. Equity in a company or MSME is a deposit of the owner's assets to the company or MSME. The deposit can be in the form of cash or other assets. In an individual company or MSME, the owner's equity has one equity account. Regardless of the form of legal entity in a company or MSME, owner's equity is the company's obligation to the owner of the company or MSME. Because the company or MSME has an obligation to provide a share of the profits obtained from the company or MSME and has an obligation to return the owner's equity when the company or MSME is liquidated.

Due to limitations in obtaining the necessary data and the lack of recording carried out on related accounts, the preparation of financial statements based on the Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM) for Kopi Eksis cannot be presented. Based on the results of interviews with the owner of Kopi Eksis, the amount of liabilities is Rp.0 because the owner does not have accounts payable or bank debt.

Table 6. Kopi Eksis Statement of Financial Position

Current Assets	
Cash and cash equivalents	Rp.50.000.000
Total cash and cash equivalents	Rp.50.000.000
Inventory	Rp.6.870.000
Prepaid rent	Rp.15.000.000
Equipment	Rp.10.270.000
Accumulated depreciation of equipment	(Rp.1.283.775)
Total Assets	Rp.80.856.225
Liabilities	
Accounts Payable	Rp.0
Bank Debt	Rp.0
Total Liabilities	Rp.0
Equity	
Amount Liabilitas and Ekuitas	Rp.20.000.000
	Rp.80.856.225

Source: Data processed, 2022

Capital of Rp.20,000,000 so that the difference between assets and capital goes into the retained earnings account of Rp.60,856,225. Referring to the basic accounting equation, namely assets equal debt plus capital, this asset or asset is already known, namely Rp.80,856,225. Made retained earnings to support MSME operations.

3.6 Profit and Loss Statement

The income statement is a report that shows a company or MSME's ability to generate profits in a certain period of time, for example one month or one year. The entity's income statement includes the following accounts:

- Revenue can be interpreted as an increase in the wealth of a company or MSME due to the sale of products in normal business activities.

Based on data obtained from researchers, Kopi Eksis revenue data for 3 months is Rp.32,834,270. Sales revenue is the result of customers paying for coffee that has been purchased. In the interview it was said that the calculation and recording of income is carried out at the end of each month, the following data has been recapitulated.

Table 7. Kopi Eksis Revenue in July, August, and September

No.	Month	Income	Expenses	Amount
1	July	Rp.12.720.520	Rp.3.643.400	Rp.9.077.120
2	August	Rp.8.670.200	Rp.2.917.900	Rp.5.752.300
3	September	Rp.11.443.550	Rp.3.323.444	Rp.8.120.106
	Amount	Rp.32.834.270	Rp.9.884.744	Rp.22.949.526

Source: Kopi Eksis

- Operating expenses are economic sacrifices made by a company or MSME to obtain goods and services that will be used in normal business and are useful during a certain period. Business expenses contain various expenses that differ from one another, namely salary expenses, transportation expenses, electricity expenses, equipment expenses, and so on.

An entity presents accounts and parts of accounts in the income statement if the presentation is significant for understanding the entity's financial performance. The income statement includes all expenses, costs and income recognized during the period.

Based on the results of interviews with the owner of Kopi Eksis, Kopi Eksis does not have detailed expenditure records, only the total expenditure at the end of each month. The following are the results of expenditure data which are the results of interviews to find out what Kopi Eksis spent in July, August and September. The total purchase of raw materials at Kopi Eksis in these 3 months was Rp.6,870,000, the total other costs were electricity, shop rental, PDAM, equipment, and accumulated depreciation of equipment, and the total cost of expenses at Kopi Eksis during July, August, and September was Rp.35,570,225.

Table 8. Kopi Eksis Expenditures in July, August, and September

Item	Price (Rp)	Amount	Total (Rp)
A. Raw Materials			
Robusta Coffee Beans	270.000/3kg	9kg	2.430.000
Arabica Coffee Beans	84000/bulan	3 bungkus	252.000
Sweetened Condensed Milk	462.000/dus	2 dus	924.000
Powders and Syrups	900.000/bulan	3 bulan	2.700.000
Non-coffee	36.000/pack	9 pack	324.000
Lemon Tea	16.000/isi ulang	15x isi ulang	240.000
Refillable Gallon Water			6.870.000
Total			
B. Other Expenses	400.000/bulan	3	1.200.000
Electricity	15.000.000/tahun		15.000.000
Shophouse Rent	38.000/bulan	3	114.000
PDAM	10.270.000		10.270.000
Equipment	(1.283.775)		(1.283.775)
Accum. Depreciation			25.300.225
Equipment	1.200.000/bulan	3	3.400.000
Total			Rp.35.570.225

Source: Data processed, 2022

- c. The tax burden is generally the mathematical relationship between the tax base and the tax paid to the State. In other words, the tax burden is a mathematical ratio used to calculate the weight of taxes on the net income of citizens. Based on the results of interviews with the owner, Eksis Coffee MSMEs have not paid taxes for now.

Based on the income statement prepared by the researcher, the total revenue of Rp.32,834,270 is reduced by the total expenses (electricity expense, employee salary expense, PDAM, and prepaid rent of Rp. 19,714,000).

Table 9. Profit and Loss Statement of Kopi Eksis

Business Income	Rp.32.834.270
Other Income	Rp.0
Total	Rp.32.834.270
Expenses	
Electricity Expenses	(Rp.1.200.000)
Salary Expenses	(Rp.3.400.000)
B. Prepaid Rent	(Rp.15.000.000)
PDAM Expenses	(Rp.114.000)
Total	(Rp.19.714.000)
Net Profit	Rp.13.120.270

Source: Data processed, 2022

3.7 Notes to Financial Statements

Notes to the financial statements are notes or additional information added to the end of the financial statements. Another function of the notes to the financial statements is to help explain the calculation of certain accounts in the financial statements so that they can provide a comprehensive value of the financial condition of a company.

Notes to the financial statements aim to provide information on resources, provide information on earning potential, a basis for decision making, report on the effectiveness and efficiency of management, and other purposes.

1. General

Kopi Eksis is a coffee shop that has been established since 2020 since the time before the co-19 pandemic, namely 2 years ago. Kopi Eksis sells various coffee and noncoffee menus. This entity fulfills as a micro, small and medium entity. This entity is located at Jalan Brigjen Hasan K No.1, 1 Ilir Village, Kalidoni District, Palembang City.

2. Accounting Policy

a) Basis for Preparation of Financial Statements is based on in accordance with the guidelines of Accounting Standards for Micro, Small and Medium Entities which means historical cost and uses the accrual basis assumption.

b) Inventory

Inventory costs include purchase costs and purchase transportation costs on the required raw materials. Conversion costs which include direct labor costs and overhead costs.

Based on the results of interviews and observations conducted with the owner of Kopi Eksis, the following is a record of the flow of financial statements at Kopi Eksis.

Table 10. Notes on Financial Statement Flows

1. Cash	2022
Cash	Rp.50.000.000
2. Accounts Receivable	2022
Eksis Coffee MSME does not have accounts receivable	
3. Equipment	2022
Equipment	Rp.10.270.000
Accum. depreciation of equipment	Rp.1.283.775
4. Inventory	2022
Raw material purchase	Rp.6.870.000
5. Prepaid Rent	2022
Shophouse Rent	Rp.15.000.000
6. Bank Debt	2022
Kopi Eksis MSMEs have no bank or trade payables.	
7. Profit Balance	2022
Net profit	Rp.13.120.270
8. Sales Revenue	2022
Sales Revenue	Rp.32.834.270
9. Expenses	2022
Electricity expenses	Rp.1.200.000
Salary expense	Rp.3.400.000
PDAM expenses	Rp.114.000
Total Expenses	Rp.4.714.000.

Source: Data processed, 2022

3.8 Discussion

In the application of records in MSMEs in accordance with SAK EMKM, it provides benefits for business owners. In Kopi Eksis MSMEs, the application of financial statements in accordance with SAK EMKM has the following benefits:

1. The owners of MSMEs, especially Kopi Eksis MSMEs, know how their internal control of accounting financial reports on the financial position of a company at a certain time through historical reports systematically to provide information about assets, debts, and capital with a balance sheet.
2. The owners of MSMEs, especially Kopi Eksis MSMEs, know about the statement of financial position regarding income, costs, and profit or loss obtained with the Income Statement.
3. The owners of MSMEs, especially Kopi Eksis MSMEs, know how to record and process financial reports with good and correct accounting standards so that they can become more accurate information in the future.

Each report must provide some information between one another but must be interrelated because with that we can know a difference from other transactions for 2 years Kopi Eksis has never received training or knowledge of what it is like to prepare financial reports in accordance with accounting standards. The reason why there is no application of the SAK EMKM financial recording process is due to the lack of knowledge of the owners and employees of these accounting standards. In addition, internal control still has many errors and there are no human resources to assist the owner and as a supervisor of the implementation of financial records, especially regarding financial reports based on EMKM Financial Accounting Standards.

Agency theory in this study is used to see the relationship between management and company owners through the level of correctness of financial statement information submitted by management

to Kopi Eksis owners by looking at existing transaction documents. If the company submits correctly and correctly, then the MSME has a high level of relevance to the information submitted in the financial statements.

4. CONCLUSION

With the internal control system, we can find out that at Kopi Eksis there are still mistakes that have made them until now not record financial reports based on SAK EMKM in preparing their financial statements because those who run this business feel that preparing financial reports in accordance with standards is also not an important thing and they also still do double positions which may not be important to them, but according to accounting it is a fatal thing. Until now, they have not used receipts and records for every transaction. Given that until now Kopi Eksis has never applied for financing at a conventional bank which requires business actors to include financial reports in accordance with applicable accounting standards. In addition, the thing that is an obstacle in the preparation of financial reports for Kopi Eksis is because until now there has been no party who is able to be responsible for the preparation of financial reports at Kopi Eksis. In addition, the preparation of financial reports in accordance with SAK EMKM for MSME actors is still a new thing for the owner because the introduction of SAK EMKM among these business actors has never been carried out.

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