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Analysis of the Application of Financial Accounting Standards for Entities without Public Accountability in the Presentation of Financial Reports

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Abstract. *Small and Medium Enterprises (SMEs) have a very important role in the Indonesian economy, because the development of SMEs increases the highest absorption of the workforce compared to other business units. This research aims to analyze the application of accounting to SMEs and find out whether SMEs have prepared financial reports in accordance with the Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP). The data collection method in this research uses documentation, observation and direct interviews with respondents. This research uses descriptive - comparative analysis techniques to compare the application of accounting in the preparation of SME financial reports and SAK ETAP. The results of the research show that the application of accounting carried out by SME actors in the Tanah Shrimp Dam is still very simple and the perpetrators have not prepared financial reports in accordance with SAK ETAP due to the lack of knowledge of SME actors regarding SAK ETAP.*

Keywords*: financial reports, financial accounting standards for entities without public accountability (SAK ETAP), SMEs*

1. Introduction

Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP) are accounting standards intended for use by entities that do not have significant public accountability and publish general-purpose financial reports for external users, for example, owners who are not directly involved in management. business world, creditors and institutions rating credit (Kartika & Nuraini, 2020). An entity is said to have significant public accountability if the entity has submitted a registration statement, or is in the process of submitting a registration statement, to the capital market authority or other regulator for the purposes of issuing securities on the capital market or other regulator. for the purposes of issuing securities on the capital market. An entity controls assets in a fiduciary capacity for a large group of persons, such as banks, insurance entities, broker-dealers and/or dealers, pension funds, mutual funds, and investment banks. The entity that owns its accountability to the public can use SAK ETAP if the competent authority issues regulations allowing it to do so (Susanto et al., 2020).

SAK ETAP was issued because the Indonesian Accountants Association (IAI) assessed that the preparation of financial reports based on Statements of Financial Accounting Standards (PSAK) based on IFRS (International Financial Reporting Standards) was considered too complicated and would make things difficult for small and medium companies, medium-scale entrepreneurs, considering that the majority of types of businesses in Indonesia are small and medium-scale. SAK ETAP prepared to adopt IFRS for SMEs (Small Medium Enterprises) with modification in accordance with Indonesian conditions and to make it more concise (Faurillie & Oktari, 2019).

Drafting report MSME finances should be guided by financial accounting standards for entities that do not have public accountability. SAK ETAP is separate from the major

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SAKs where SAK ETAP in the guidelines for preparing financial reports is made simpler. According to Nurdwijayanti & Sulastiningsih (2018), in some cases, SAK ETAP provides many conveniences for companies compared to PSAK with more complex reporting provisions. The background to the preparation of SAK ETAP which is separate from PSAK is because PSAK (Statement of Financial Accounting Standards) which adopts the International Financial Reporting Standard (IFRS) is too complex to be implemented by small businesses in Indonesia. Because it is necessary to have more standards simple and easy business in compile report finance (Dewi, 2022).

The main capital for Indonesia's economic development depends on the existence of reliable and strong MSMEs. However, so far, MSMEs still have many limitations and obstacles, especially the obstacles that exist between MSMEs and banks as MSME credit distributors. Business feasibility, financial aspects, marketing aspects, and human resource aspects (labor) are problems that have been experienced by MSMEs in banking (Bank Indonesia, 2005). The lack of a common mindset between bank requirements that must be met by MSMEs, including the availability of financial reports and business development plans, is an obstacle that causes minimal access to financing for MSMEs. Whereas Fatikha & Husna (2022), reports are very useful in helping MSMEs make decisions in managing small businesses. A number of studies (Fauzi et al., 2018) show that business In Indonesia, small business managers generally do not understand and do not implement an adequate financial system.

Small entrepreneurs generally consider accounting information to be unimportant, apart from being difficult to implement and also a waste of time and money. The most important thing for small business managers is how to make big profits without having to bother implementing accounting. The fact Also supported by results study Fadlol et al., (2018) which shows that part of the big business is small in Regency Buleleng. No one organizes recording accounting; only a few have recording financial model very simple and no systematic (Kesuma & Setiawaty, 2016).

Hence, it is said that the existence and importance of accounting are still not understood by MSME entrepreneurs. Whereas with report finance as wrong one form delivery information accounting, the owner of the business can know the position and performance of his finances. Not only that, owner business will be easier to count tax, because report finance is data source for count tax (Oktavia & Sunrowiyati, 2019). In connection with the conditions mentioned above, to make it easier for MSMEs to prepare financial reports, in 2009, the Financial Accounting Standards Board (DSAK) has ratified SAK ETAP and this standard will be effective starting January 1 2011. Entities that can use standard This is an entity that is not accountable to the public, which includes publishing entities. For objective general for user external (Shafira et al., 2022). With the existence of SAK ETAP in the future, naturally, it is hoped that MSMEs can organize bookkeeping accounting to report more finances informative with objectives to make it easier for investors and creditors to provide financial assistance to MSME entrepreneurs (Candra, 2018).

From the background above, the problem formulation that will be explained is how to apply the SAK ETAP in the Presentation of Financial Reports for MSMEs for Shrimp Farms. In accordance with the formulation problem, the aim to be achieved in this research is to analyze the Application of SAK ETAP in the Presentation of Financial Reports for MSMEs on Shrimp Farms.

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2. Method

The type of data used in this research is quantitative data, namely data obtained in the form of numbers. The quantitative data in this research comes from the financial report of the shrimp farm for 1 year. The data source used in this research is secondary data, namely in the form of the 2022 the shrimp farm financial report. The data collection technique uses field research using interviews direct with the employees' company. Which is directly related to the company's financial records, observation by collecting data with a method, carrying out direct observations on the objects studied, and documenting them by collecting data through MSME records and documents. Data analysis techniques were carried out using the descriptive-comparative method. The analysis method is carried out by comparing the theory with the practices that occur in the company, then drawing conclusions from the results of the comparison.

3. Results and Discussions

The research object explains who and what the object of research is, as well as where and when it is carried out. It can also be added to things that are deemed necessary. Apart from that, the research object is the target for achieving a certain goal regarding something that will be proven objectively to get data according to certain goals and uses. The object of research that the author examines is the Annual Financial Report of Shrimp Farming MSMEs in 2023.

If you see opportunity, future business prospects, and the amount of income that will be achieved in this business, Shrimp Cultivation MSMEs provide good guarantees. This opportunity can be seen in very supportive technological factors, such as increasing purchasing power and increasing market demand for shrimp commodities, especially abroad. Likewise, the government plays a big role in developing this business by providing facilities in the form of production facilities and infrastructure. In general, there are several things that motivate Faisal's MSMEs in the District of Dewantara to still operate business, including: (1) there is a clear market, (2) regional conditions that support business development, (3) labor capability (availability of skills and knowledge in this area), (4) promising business growth, (5) relatively high profits, and (6) shrimp prices are high and relatively stable.

If we look at MSMEs Shrimp Farms against the SAK ETAP, then Faisal's MSMEs Shrimp Farms feel they need this. SAK ETAP for recording in the books of financial reports for these MSMEs and Shrimp Farming MSMEs. Faisal wants to make better financial reports in the future for Shrimp Farming MSMEs using SAK ETAP.

SAK Stage in UMKM Garden Shrimp

In preparing its financial reports, Faisal's shrimp cultivation MSMEs have tried to make their financial reports in accordance with the SAK ETAP. The following is the financial report of shrimp cultivation MSME which consists of balance sheet, profit/loss, equity change report, Cash Flow Report and Notes to Financial Reports (CALK).

Balance Sheet

Balance Sheet or report financial position is part of the financial report of a company or business entity produced in an accounting period which shows the company's financial position at the end of that accounting period which can be the basis for making business decisions. Something entity serve items, headings and other sub-amounts in the balance sheet if such presentation is relevant to understanding the entity's financial

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position. The following is the balance sheet for MSMEs (shrimp cultivation) which consists of assets, liabilities and equity:

Table 1. Available balance sheet formats in MSMEs (shrimp cultivation)

Balance Sheet Report	
Shrimp UMKM Farms	
December 31 xxx	
Assets	
Assets fluent:	
Cash Equivalent Cash	xxx
Pellet Supplies	xxx
Bran Supplies	xxx
Amount Asset Smooth x	**xx**
Fixed assets:	
Equipment	xxx
Acquisition Price	xxx
Accumulated Depreciation	xxx
Assets Still Net	**xxx**
Total assets	**xxx**
Liabilities and Equity	
Current liabilities:	
Pellet debt	xxx
xxx debt drug	
Lime debt	xxx
Amount Obligation Fluent	**xxx**
Equity	
Capital	xxx
Amount of Equity	**xxx**

From the balance sheet format above, it can be seen that there are MSMEs. This shrimp has made a balance sheet in the books every year. The information presented on the minimum balance sheet includes cash and cash equivalents, trade receivables and other receivables, inventory, investment property, fixed assets, non-tangible assets, trade payables and other payables, tax assets and liabilities, estimated liabilities, and equity. In an entity it can function as headings, headings and other sub-amounts in the balance sheet if such presentation is relevant in the framework of understanding the financial position of an entity and the financial accounting standard for entities without public accountability, SAK ETAP, does not specify the format or order of items presented. The following are the minimum posts that are required served in MSME balance sheets that apply SAK ETAP.

Table 2. List balance sheet post for shrimp cultivation MSMEs

No	Posts – Posts		Is there any or not
1.	Cash and cash equivalents	✓	✓
2.	Accounts Receivable & others		X
3.	Supply	✓	✓
4.	Property investment		X
5.	Still Assets	✓	✓
6.	Intangible Assets		X
7.	Debt Business & More	✓	✓
8.	Asset & Liability Tax		X
9.	Estimated Liabilities		X
10.	Equity	✓	✓

Data source: Shrimp Farming UMKM

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From Table 2 above it shows that there are MSMEs Faisal's Shrimp has included 5 of the 10 minimum items that are required to be on the required balance sheet of SAK ETAP. Faisal's MSMEs (Farming Shrimp) has included 5 mandatory items on the balance sheet including cash and cash equivalents, inventories, fixed assets, trade payables and other payables, as well as equity which has been included in the balance sheet in the MSME shrimp annual report Shrimp and the balance sheet is currently being prepared for MSMEs. Mr. Faisal's Shrimp not mention the 5 items that are mandatory in preparing a balance sheet, namely including trade receivables and other receivables, investment assets, intangible assets, tax assets and liabilities, and estimated liabilities.

Income Statement

The income statement includes all income and expense items recognized in a period unless SAK ETAP requires otherwise. SAK ETAP regulates differences in treatment of the impact of error corrections and changes in accounting policies which are presented as adjustments to the previous period and not as part of profit or loss in the period in which the change occurs. In a profit and loss statement, an entity is required to present a profit and loss report for a period that represents its financial performance in that period. Recording the profit and loss report also regulates the information presented in the report and how it is presented. The income statement presents the income and expenses of an entity for a period.

Table 3. Profit/loss formats available in MSME shrimp cultivation enterprises

Income statement Shrimp Cultivation MSMEs Per Harvest xxx	
Income:	
Harvest	xxx
Total Income	**xxx**
HPP:	
Shrimp Seeds xxx	
bran xxx	
xxx fertilizer	
Employee Bonus	xxx
Drying and Cleaning xxx	
Feed xxx	
XXX drugs	
Chlorine xxx	
Total HPP xxx	
Expenditure: Expenditure:	
Labor Salary Expenses xxx	
Electricity Costs xxx	
Harvest Costs xxx	
Other Fees xxx	
Total Load xxx	
Gross Profit xxx	
Equipment maintenance xxx	
Net Profit xxx	

Source, Processed 2022

The profit and loss report are part of a company's financial report produced in a book period or accounting period which presents all elements of the company's income and expenses which will ultimately result in a net profit or net loss condition. Profit or

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loss is often used as a measure of a company's performance. The profit and loss report prepared by the company has a structure consisting of income in the current period and all company expenses, both operational expenses and non-business expenses of the company in the current period. Revenue is the increase in economic benefits during the reporting period. Meanwhile, expenses represent a decrease in economic benefits during the reporting period.

When recording a profit/loss statement, an entity should present items, headings and other sub-amounts in the profit or loss statement if such presentation is relevant to understanding an entity's financial performance. An entity may not present or disclose income and expense items as “extraordinary items”, either in the profit or loss statement or in the notes to the financial statements. Information presented The SAK ETAP Profit and Loss Report has minimum provisions for providing items as in Table 4.

Table 4. Checklist of profit and loss postings for shrimp cultivation MSMEs

No	**Posts - Posts**	**Is there any or not**
1.	Income	✓
2.	Financial Burden	✓
3.	Portion of Investment Profits or Losses using the Equity Method	X
4.	Tax expense	X
5.	Net Profit/Loss	✓

Data Source: Shrimp Farming UMKM

Statement of Changes in Equity

The statement of changes in equity presents the entity's profit or loss for a period, income and expense items recognized directly in equity in that period, the impact of changes in accounting policies and error corrections recognized in that period, and the amount of losses incurred. investments by, and dividends and other distributions to owner equity during period.

Table 5. Checklist posting report on changes in equity of shrimp cultivation MSMEs

No	**Posts - Posts**	**Is there any or not**
1.	Profit/loss for a period.	X
2.	Income and expenses recognized directly in equity.	X
3.	Effect of changes in accounting policies and correction of recognized errors in accordance with accounting policies, estimates and errors.	X
4.	For each equity component, reconciliation between recorded amounts at the beginning & end of the period, disclosed separately	X

Data Source: Processed, 2018

Cash Flow Statement

The cash flow statement presents information regarding historical changes or cash and cash equivalents of an entity, which shows separately the changes that occur during one period from operating, investing and financing activities. The MSME cash flow report contained in SAK ETAP must meet the minimum requirements for the items listed.

Table 6. Checklist for posting cash flow reports for shrimp cultivation MSMEs

No	**Post - Post**	**Is there any or not**
1.	Activity Operations	X
2.	Activity Investment	X
3.	Activity Income	X

Data Source: Processed, 2018

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Notes to Financial Statements

Notes to Financial Reports, one of the important parts of a financial report cannot be separated. Notes to Financial Reports contain information in addition to the information presented in the financial report. Notes in the financial report provide narrative explanations or details of the amounts presented in the financial report and post information that does not meet the recognition criteria in the financial report. The following are the minimum posts that must be included in the Notes to CALK in MSMEs Farms Shrimp.

Table 7. Checklist of postings in financial report notes for shrimp cultivation MSMEs

No	Posts – Posts	Is there any or not
1.	Presents Information About the Basis for Preparing Financial Reports & Certain Accounting Policies.	X
2.	Using information required in SAK ETAP, but not presented in financial reports.	X
3.	Publish additional information that is not presented in the financial statements, but is relevant to understanding the financial statements.	X

Data Source: Processed, 2018

Solutions to Constraints Facing MSMEs

The government continues to make efforts to assist the development of MSMEs. Apart from capital being an obstacle faced, MSMEs lack understanding and really need to be equipped with knowledge about the important role of financial reports in managing business finances. So far, the use of bookkeeping for MSMEs is still very simple and tends to ignore existing procedures or standards. In fact, financial reports that comply with procedures or standards can help in developing a business. The obstacles faced by Shrimp Cultivation MSMEs, as well as being able to help understand the recording of financial reports based on SAK ETAP, mean that external parties are needed who can provide knowledge and training about the importance of accounting. Hence, this problem requires a solution to overcome it, including:

Table 8. Solutions to obstacles faced by MSMEs

No	Coercion	Solution
1.	Their lack of education.	Carrying out training for employees to prepare reports. Keu In accordance with SAK ETAP
2.	Lack of MSME entrepreneurs regarding accounting.	By providing counseling regarding SAK ETAP in explaining the function of accounting, the importance of financial reports for an MSME, as well as conducting training in preparing financial reports according to SAK ETAP.
3.	Entrepreneurs' assumptions about accounting will make their work more difficult.	
4	Save costs by not using accountant services	
5.	Assuming that the report is not needed because the business is still on a small scale.	

Data Source: Processed, 2018

4. Conclusions

From the results of this research, it can be concluded that bringing in MSMEs Shrimp Farms has not been prepared with a complete financial report that is appropriate and based on the SAK ETAP. In preparing SAK ETAP complete financial reports consist of a CALK. This Shrimp Farming MSME does not fully comply with the SAK ETAP because there are several items that are not included on the Balance Sheet and Profit/Loss Report and MSME. Not making recording reports in the current cash changes report, equity changes report, and notes to financial statements.

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