

# *Application of SAK EMKM Accounting in Preparing Reports Finance in MSMEs Ceplis Melinjo Pesawaran Lampung*

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**Abstract**— Financial reports are useful for presenting reports that can show financial conditions Also entity performance. the data very required by stock investors or communities financial to measure as well make a decision, in making financial decisions so performance industrial finance can become more advanced . Knowing how crucial it is from aspect function , financial reports must be prepared based on established SAK so that users can interpret them with concept and similar meanings . Then on May 18 2016, SAK EMKM was legalized especially for MSMEs . This study aims to ensure that Ceplis Melinjo MSMEs can implement financial reporting in accordance with SAK EMKM so that owners can make it easier to carry out loan funds to financial organizations (banks) in order to advance his business . The form of this study is: qualitative that uses a collection strategy information research field, interviews , documentation where the reviewer observe direct activity what was carried out there by the Ceplis Melinjo MSMEs. Findings study this shows that the process of recording and preparing financial reports for Ceplis Melinjo MSMEs is still simple because the MSMEs were only built recently. Preparation of financial reports according to SAK EMKM, yes , there are financial condition reports , notes to financial reports , as well as p profit and loss report .

**Keywords**— Financial Reports, UMKM, SAK EMKM

## I. INTRODUCTION

According to information Ministry of Cooperatives and MSMEs, the total number of MSMEs for the 2021 period is currently large 64.2 million as well participation to gross domestic product (GDP) amounted to 61.07 % or IDR 8,573.89 trillion , higher from previously. Field financial it can be interesting 97% of total employees and attracts up to 60.42% of total Indonesian investment (Di et al., 2023) . Form of business composed of services, buying and selling, food/drinks, crafts, agriculture, as well as production. Accounting knowledge is very necessary for the process of preparing good financial reports and quality

Accounting can be a tool to help manage financial reports for MSMEs. As is the case in preparing *financial reports* . Traditional *financial* report recording use books or notes can be cause errors when entering or totaling financial reports. There are still many MSME managers who do not know what information is accounting and usability that can be obtained through its use. Accounting documents can provide benefits such as operational information, financial reports and accounting management which can be used for success in running MSMEs (Putra & Nur Khalisa, 2023) . By organizing training programs regarding accounting,

understanding and socialization of Financial Accounting Standards for Micro, Small and Medium Entities (SAK-EMKM), management of Micro, Small and Medium Enterprises (MSMEs) in The Lampung region is expected to be able to make appropriate financial reports . This is expected to make it easier for MSMEs to apply for loans from financial organizations , such as banks, in order to advance his business . Business owners realize the importance of having financial reports that follow established rules , reasons They have high ambition in develop their businesses and make the area an educational tourism destination, such as Ceplis Melinjo, which can be used for academic or research purposes. Therefore, MSMEs need to have the ability to produce financial reports to facilitate their access to credit providing institutions. The increasing number of MSMEs is faced with several obstacles, including access to capital, capital, marketing, business management and financial management.financial management.

Aspects of business management and financial management include business planning planning, organizing, implementing, controlling business, business control and financial management (Pratiwi et al., 2023) . A very common problem for MSMEs is the issue of internal capital advance his business as well as problem accounting bookkeeping or financial processing (Setyaningsih & Farina, 2021) . After reviewing all the descriptions presented , the reviewer determine the title of the study namely : " Application of Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM) in Preparing Financial Reports for Micro, Small and Medium Enterprises (MSMEs) Ceplis Melinjo in Pesawaran Lampung. " Business development can be done through withdrawals investors or additional capital through loans to banks . Therefore , based on regulations, pores criteria are needed borrowing , including requests Financial reporting in accordance with standards . Financial reporting plays a role in explaining information that can show financial conditions and entity performance , which is very important for investors and financial organizations for analysis and decision making (Fandil & Sarbullah, 2023) . Look at the crucial thing implementation accounting in the scope of Micro, Small and Medium Enterprises (MSMEs) and paying attention to the characteristics of transactions that generally occur in MSMEs, the Financial Accounting Standards Board (DSAK) under the auspices of the Indonesian Accountants Association (IAI) is committed to issuing a standard set of accounting standards . In 2009, DSAK officially legalized it implementing the Micro, Small and Medium Economy Financial Accounting Standards (SAK-EMKM), and since January 1 2018, the standardization is implemented efficiently . SAK-EMKM was designed as a special accounting standard for entities that do not have i accountability to the public . Applicability of standardization This provides capabilities to business entities small and medium enterprises to make their financial reports with the aim of obtaining funds and supporting the development of their businesses (Purba, 2019) .

## II. LITERATURE REVIEW

Micro, Small and Medium Businesses Based on Law Number 20 of 2008 contains Micro, Small and Medium Business (MSME), Micro Business refers to a productive industry whose owner is a person or organization owned by an individual who meets the requirements as a Micro Business in accordance with the provisions stipulated in the legislation the . Small Business , on the other hand, is a productive economic activity that is developed personally , carried out by someone or someone organizations that are not part of a branch organization or under the auspices of a business entity which is owned, controlled, or is part, either directly or indirectly, of a medium or medium - sized business Big business follows condition as a Small Business in accordance with the regulations stated in the Law . Meanwhile, Medium Business is a productive economic activity that stands alone, carried out by individuals or organizations that are not part of a subsidiary or business entity . shade an organization that is owned, controlled, or is part, either directly or indirectly , of a Small Business or other Business Big , with total net worth or output sales per year are in accordance with the policies regulated in this law . As for business criteria

Table 1 Requirements Business Micro, Small, Medium (MSME)

Group	Condition	
	Asset	Turnover
Micro business criteria	Maximum 50 million	Maximum 300 million
Small business criteria	Maximum > 50 million to 500 million	Maximum 300 million
Criteria medium business	Maximum > 50 million to 10 M	Maximum 2.5 M to 50 M

Source: Peruvian Law No. 20 of 2008

The Central Statistics Agency (BPS) provides draft MSMEs according to total employees used. According to the BPS definition, a micro business is industry that employs up to 4 full-time employees, small businesses have a total workers range from 5 to 19 employees, and medium-sized businesses have a number of employees is between 20 and 99 employees. This concept provides parameters that focus on workforce scale to categorize MSMEs based on the size and impact of the jobs produced.

### **Financial Accounting**

Financial accounting is a field of accounting that aims to provide financial data that is rigid, standardized, and intended for *general purposes*. The resulting information format has a style that has been adopted by legal organizations. In Indonesia, this standardization is known as Financial Accounting Standards (SAK) which were created by the Indonesian Accountants Association (IAI). In America, something similar is known as the General Accepted Accounting Principle (GAAP) which was created by the Financial Accounting Standards Board (FASB) in the form of the FASB statement. The financial accounting process can also be interpreted as a series of steps to summarize financial documents originating from an organization's accounting books, and the results are published in the form of annual reporting or financial reporting based on the general standards that apply. This report aims to cover the document needs of external parties to the organization (Uno et al., 2019).

### **Standardization of Financial Accounting for Micro, Small and Medium Entities (SAK EMKM)**

The Indonesian Accountants Association (IAI) has issued Standards for Financial Accounting for Micro, Small and Medium Entities, called as SAK-EMKM, which is already there legalized from Financial Accounting Standards Board since 18 May 2016. This standard is intended for entities without general accountability, such as explained in the Financial Accounting Standards for Entities Without Public Accountability, which also fulfill the same meaning condition business micro, small and medium which are regulated based on the laws in force in this country. SAK-EMKM has been effective since January 1 2018, in accordance with the decision of the Financial Accounting Standards Board. The scope of SAK-EMKM is designed to cover two main aspects: Intended for micro, small and medium entities. Intended for entities that do not meet the requirements of the Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP). This standardization provides an appropriate accounting framework with unique characteristics as well as needs especially from micro, small and medium entities, which are different from entities that have a public accountability. Thus, SAK-EMKM creates accounting standards that are relevant and can be applied effectively for entities included in this category.

### **Financial Reporting According to SAK EMKM**

Financial reporting can be described as a document which is usually composed of a balance sheet, profit and loss calculations, and changes in equity. The balance sheet reflects the total assets, liabilities, and equity of a company business entity in certain period of time. Meanwhile, profit and loss describes income, liabilities, as well as net profit/loss achieved by the company in that time period. Financial reporting give overall illustration of performance financial as well as the financial position of an entity at a certain time (Uno et al., 2019). Financial reporting is an integral part of the step *financial report* of an entity. Financial reporting Comprehensive ones generally consist of a balance sheet, profit and loss report, position change report financial (can be presented as a cash flow report or even capital flow reports), bookkeeping, as well as reports and other relevant explanatory materials. Apart from that, the report also includes a schedule as well document additions related to the content, such as documents financial related to the tation segment business as well as geographic, also pengu right impact of changes in value (PSAK No. 1, 2015). Vision of the report financial, in accordance with the 2016 Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM), namely prepare data regarding positions financial as well as performance A entity. This information is expected to provide benefits for various users in making financial decisions, including creditors and investors, who need a clear picture of the company's financial condition. In implementing its objectives, pe financial reports It also reflects management's responsibility for managing trusted resources to her. The vision of *the financial report* presented to an entity can be made more in-depth, such as:

1. To provide reliable financial data about the economic origins and responsibilities and capital of business entities.
2. To provide reliable data about changes in the economic origins of business entities that arise in business activities in order to make a profit.
3. To provide financial data that makes it easier for reporting users to estimate organizational talent to gain future profits.

4. To provide financial data that makes it easier for reporting users when estimating organizational capabilities to gain profits.
5. To determine to what extent other data related to financial reporting is suitable for your needs data users , namely data about the accounting rules that the organization follows.
6. To provide other important data regarding financial origins and responsibilities, namely data regarding funding and investment activities. A financial position report is a document that provides an overview of the financial condition of a business entity within a specified time, explaining in detail the company's asset, liability and equity accounts. Meanwhile, profit and loss reporting is a document that reflects the ability of an organization or business entity to create profits or bear losses over a period, such as 1 or 1 year. Bookkeeping for financial reporting is reporting that contains additional documents and details, arranged according to the types of business activities carried out for the entity, providing further explanation and specific context to help report users understand the information for financial position reporting and profit and loss reporting. These records can include aspects such as accounting rules, crucial events, and other documents that provide in-depth insight into the company's operational and financial activities (Quoted in SAK EMKM, 2016).

### Framework of thinking

theoretical framework is presented in the illustration presented below which is arranged according to the vision of the study as well as the problem formulation described above .

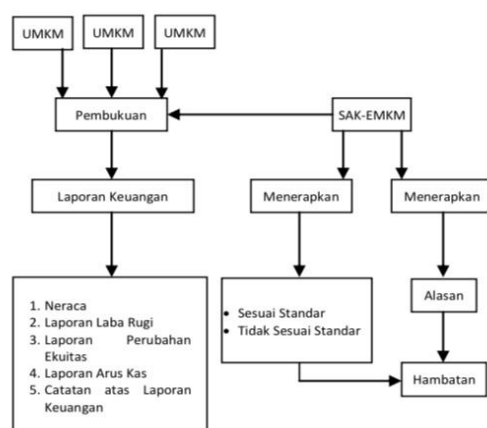


Figure 1: Theoretical Framework

Description of the theoretical framework The study begins with the selection of MSMEs that can be the object of study . After determining MSMEs in Gebang Village, Teluk Pandan District, Pesawaran, Lampung as the focus of research, the next step is to dig up information regarding insight as well as accounting experience possessed by the MSME. Reviewer will also investigate what MSMEs in the region have implemented it accounting practices as well recording . If MSMEs in Gebang Village, Teluk Pandan District, Pesawaran, Lampung have prepared a financial report, the research will continue with an evaluation of the similarity of the report to the Financial Accounting Standards for Micro, Small and Medium Entities (SAK-EMKM). However, the author will also explore the perspective of MSMEs regarding their view that recruiting accounting personnel can lead to an increase in operational costs which may interfere with MSMEs' profit and loss calculations . After evaluating the implementation of SAK-EMKM, the next stage involves analyzing what obstacles influence the application of SAK-EMKM in MSMEs in the Pesawaran area , Lampung. Matter the useful in understand the factors that may be obstacles in implementing these accounting standards at the MSME level, so as to provide deeper insight regarding the success or obstacles in using SAK-EMKM in MSMEs in the area.

### Difference between SAK EMKM and SAK ETAP

Before SAK EMKM was implemented as a guide for preparing MSME financial reports , the basis for making financial reports was used is the Financial Accounting Standard for Entities Without Public Accountability (SAK ETAP). In this context, entities without public accountability refer to entities that do not have i crucial public obligations and does not provide financial

reports for external users . The use of SAK ETAP is useful as a guide for business entities small and medium enterprises in preparing their financial reports , and can facilitate the audit stage . The financial reports prepared follow SAK ETAP can also be used by organizations when plead funding for business development . Another advantage of SAK ETAP is the ease of implementation due to the simpler approach. Even though it is simple, SAK ETAP is still able to give actual documents when presenting financial reports . This approach allows companies to produce financial reports that follow standardization of accounting without requiring high complexity. Therefore , SAK ETAP not only provides effective guidance for small and medium companies, but also facilitates the preparation of financial reports that can be used to support funding applications for business development . Then there are many simplifications in SAK ETAP such as:

1. There is no adequate profit and loss reporting
2. Assessment for fixed assets, intangible assets and investment goods after the date of acquisition only uses the income value, there is no choice of using a revalued fair price or a fair price.
3. There is no recognition of deferred tax liabilities and assets. Tax liability is recognized as much as the total tax according to tax policy.

To support the progress and independence of Indonesian MSMEs, the IAI Financial Accounting Standards Board (DSAK) legalized the Exposure Draft Financial Accounting Standards

Micro, Small and Medium Entities (ED SAK-EMKM) was ratified on May 18 2016 and began to be implemented simultaneously on January 1 2018. Through the ratification of ED SAK-EMKM, financial accounting standardization in this country has become complete with 3 main pillars, namely IFRS-based general SAK, ETAP SAK, and EMKM SAK. These three pillars form the infrastructure that supports the context of financial accounting standardization, describing the meaning of various entities in the business world in Indonesia (Uno et al., 2019) . SAK EMKM is designed to meet the financial reporting needs of micro, small and medium entities using simpler principles and standardization than the SAK ETAP previously established for MSMEs.

### **The Impact of Implementing SAK EMKM on the Growth of MSMEs**

The role of accounting is key in supporting the growth of Micro, Small and Medium Enterprises (MSMEs) by preparing financial reporting based on the Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM). The first vision for preparing this financial reporting is to fulfill the administrative requirements for obtaining financing or loans, which are expected to increase capital for developing MSME businesses (Ayudhi, 2020)

## **III. RESEARCH METHODOLOGY**

### **Time and Location of Research**

This study will be carried out there on September 1 2023 until it is completed. This research was carried out at UMKM Pesawaran Lampung which operates in the processing and sales of Ceplis Melinjo located at Gebang Village, Teluk Pandan District, Pesawaran Lampung. The owner chooses to set up a business move in in the field of management and sales because he saw the opportunities that the business was moving There is no time limit as long as the effort follows development of the times and managed well, especially in terms of marketing and managing finances, and can make financial reports according to SAK EMKM. The study method uses a qualitative descriptive approach. Method Qualitative studies are the approach being developed in outlook social studies to research social studies and phenomena social events that occur to the people . Next to it , if observed based on the strategy This study uses a research strategy case. Case research is a study approach to investigate something problem contemporary through empirical question. Case Research is provided especially for giving answer about study how or why (Istinasari et al., 2021) . To get information which is appropriate study this, so use it technique collecting information which is objective so that the discussion is getting closer to the real situation .

Collection method This information uses several methods , namely :

1. Interview ( *Interview* ): yes , i technique collecting information through step ask and answer questions directly to people who have the authority to obtain them data and information that suits your needs research .

- Documentation, right ? technique collecting report data and financial information that does not comply with SAK EMKM and helps to implement financial reporting according to SAK EMKM.

In qualitative studies , information analysis is carried out before, during and also finished activity study was carried out. Reviewer adopting a qualitative descriptive data analysis method to explore and understand problems by describing and comparing certain data or situations, then explaining the situation in depth. This approach allows researchers to detail and explore the context and complexity of the phenomena observed in the research. In this study there are several steps analyzing information , namely :

- Collect information related to accounting standards implemented by MSME *owners* which can be observed through *the financial reports* they make.
- Menilik preparation MSME *owners* to use SAK EMKM from *interview* to owner , as well as documentation of the entity's financial records to implement SAK EMKM to its financial reports
- Comparing the financial reports made by MSME Ceplis Melinjo with the financial reports follow Standardization of Financial Accounting for Micro, Small and Medium Entities (SAK EMKM).
- Determine study findings based on the information that has been obtained, draw conclusions, also help and provide suggestions related to the implementation of SAK EMKM

From observations , interviews, or analysis of documentation regarding the preparation of financial reports for Ceplis Melinjo in Pesawaran Lampung in carrying out his activities findings were obtained interview with Mrs. Enida , namely the owner of the entity , as below :

Table 1: Findings Interview Reviewer

No.	Reviewer Questions	Answer: Mrs. Enida, owner of MSMEs	View Reviewer
1.	Ma'am, how do you prepare and prepare financial reports for Ceplis Melinjo MSMEs ?	For now, recording has been carried out, but only money goes in and out of activities using notes . The desire has been considered but the preparation of Financial Reporting and we need suggestions in making it.	correct practice of implementing, preparing and presenting financial reports for UMKM Ceplis Melinjo has not been carried out. This matter is not in line with the policy determined by DSAK, namely that SAK EMKM has been established starting January 1 2018.
2.	What is the planning then ? day about making Reporting Business entity finances This ?	For p progress later day so Ceplis Melinjo MSMEs will always be popular and can also compete especially to Saiang in the Lampung area , we are encouraged in enforce as well as follow reporting financial follow the rules in SAK EMKM which are already in effect . Considering we have dream later Day by day , this MSME is increasingly developing into an organization that controls the frying pan production process and until the completion of the ceplis product is packaged , making our region a destination. education for students or general especially the Lampung region . Remembering some time later Lots students from many areas, both private and private n special country Bandar Lampung carries out research on the industry we.	UMKM Ceplis Melinjo plans to implement and create financial reports follow established policies .
3.	What form of	In the form of records of receipts and expenses during	Reporting is still very traditional



	reporting has the financial reporting of business entities been currently in, ma'am ?	business activity needs in vegetable notes .	and does not follow the accounting order based on the procedures in SAK EMKM.
4.	Will there be additional human resources who understand reporting ? financial which follow SAK EMKM standard, ma'am?	Previously, I wanted to add human resources who understood because it would help me in working on financial reports following the standardization , but through the help of researchers I can understand and almost understand how to carry out financial reports to SAK EMKM standards, it is very likely that if these MSMEs have developed we will decide to add human resources.	MSME owners will add human resources if their MSMEs have developed and have been approved for additional credit by the business entity
5.	What role do you play in reporting income and reporting expenses?	Receipt report to find out how much our sales are a month, we record receipts based on receipts from each Ceplis Melinjo sale . We don't include sales discounts or anything else because the unit price is not the same. This means that for wholesale sales the price is slightly lower compared to retail sales. This lower price is due to the selling price including discounts. We record expenses through proof of receipts, notes from outside parties or others. We record all payments, including employee salaries, purchasing raw materials , purchasing tools, purchasing cooking oil, purchasing plastic wrap, paying for electricity and others, in expenses and totaling them in one month .	Ceplis Melinjo sales transactions are carried out using proof of payment in the form of a note, not a Sales Invoice. Then, sales deductions or sales <i>discounts</i> are not recorded on the Credit Note. Bookkeeping is done in one <i>bundle</i> , making it difficult for business entities to obtain data on the number of sales and sales deductions at one time. Bookkeeping transaction the goal book all payment of operational funds business .
6.	How do you understand the profit/profit or loss of a business entity?	To understand how big the profit or loss is, we total the income, then we subtract the total income. The difference is profit if it is a plus and loss if it is a minus for our organization.	Business entities have not shown the advantages and disadvantages of following SAK EMKM.
7.	Regarding depreciation of equipment, buildings, etc., is there any record of a decline in economic figures, ma'am?	We don't do bookkeeping, equipment and other things we only use if it breaks, we fix it or we can take it back.	Business entities have not carried out depreciation on their fixed assets used for organizational activities.

Source: Owner of UMKM Ceplis Melinjo Pesawaran Lampung

Providing MSME Financial Reporting that is similar to the Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM) has very significant importance for these entities. These financial reports not only make it easier for internal and external decision makers, but are also the main key, especially when an entity plans to apply for a loan to increase capital. Based on the provisions of SAK EMKM, MSMEs that have reached a certain level of sales revenue have the right to request a loan from a banking institution through the presentation of the entity's Financial Report which has been prepared in accordance with SAK EMKM since January 1 2018. Therefore, from that date, if MSMEs need a loan in expanding capital, they are required to present financial reporting based on the principles contained in SAK EMKM. Thus, compliance with SAK EMKM when preparing Financial Reporting is an obligation that must be adhered to by MSMEs, especially when they require financial support from external parties, such as banking institutions.

Based on observations, regarding the preparation of financial reports for Ceplis Melinjo in Pesawaran Lampung in carrying out its operational activities, the results of the financial reports were obtained before implementing SAK EMKM and after implementing SAK EMKM with Mrs. Enida as the entity owner , namely :

Table 2 Results of Profit and Loss Reporting prepared according to SAK EMKM

Ceplis Melinjo		
Profit - Loss reporting		
December 31, 2022		
Sale		Rp. 110,150,000
Material Load	Rp. 35,000,000	
Salary & Wage Expenses	Rp. 32,400,000	
LPG Load	Rp. 5,000,000	
Packaging Load	Rp. 2,500,000	
Penalty Expense. Equipment	Rp. 2,500,000	
Total Dependents		<u>Rp. 77,150,000</u>
Profit		Rp. 33,000,000

Table 3 Financial Condition Reporting Results prepared according to SAK EMKM

Ceplis Melinjo	
Financial Condition Reporting	
December 31, 2022	
Served In Rupiah Full	
<b>ASSET</b>	<b>2022</b>
Cash	Rp. 54,000,000
Business Receivables	Rp. 27,000,000
Finished Goods Inventory	Rp. 11,400,000
Raw Material Inventory	Rp. 9,900,000
Equipment & Machinery	Rp. 7,500,000
( I m. Equipment and Machinery)	<u>(Rp. 2,250,000)</u>
<b>Total Assets</b>	<u>Rp. 107,550,000</u>
<b>Liabilities</b>	
Tax payable	-
<b>Total Liabilities</b>	-



<b>Equity</b>	
Capital	Rp. 74,550,000
Retain earning	<u>Rp. 33,000,000</u>
<b>Total Equity</b>	Rp. 107,550,000
<b>Total Liabilities &amp; Equity</b>	Rp. 107,550,000

The report in the table above shows that Ceplis Melinjo's business in 2022 will earn a net profit of IDR. 33,000,000 now selling success reach Lots the place for the city of Bandar Lampung .

#### Indicators that be a hindrance

According to the findings study of the use of SAK EMKM as a guideline for making it Financial reporting in UMKM Ceplis Melinjo Pesawaran Lampung , it was found that the reasons why financial reports had not been made were not made , namely :

The absence of staff specifically tasked with handling Financial Reports at Ceplis Melinjo Pesawaran Lampung is an initial obstacle in implementing the preparation of reports in accordance with the standards that have been implemented. Even though the company can operate without reports that comply with standards, it is proven that the company's operations are running smoothly and experiencing development with increasing sales turnover and an increase in the number of employees in locations around the company.

The second obstacle is a lack of understanding of information technology which is the main factor in not implementing the preparation of Financial Reports according to the regulations. Owners tend to fixated on progress as well as expansion of production output from on investing the time and resources in the information technology needed to prepare financial reports.

Unfair awareness of the importance of Financial Reports as a basis for decision making is the third trigger for their not being prepared reporting that follows standardization . In making decisions, owners prefer to monitor each plant output Ceplis production from based on information from reporting financial .

fourth indicator is that the required requirements are not yet available in explained reporting finance as a condition for applying for a loan from the bank to increase company funds .

#### IV. FINDING AND DISCUSSION

##### Findings

This study was carried out there to measure the implementation of initial accounting theory from the basic accounting equation for manufacturing MSME Financial Reporting in Gebang Subdistrict, Teluk Pandan Pesawaran District , Lampung, which was established in 2018, is also similar to SAK-EMKM. Findings study show If MSME *owners* face a number of obstacles during manufacture reporting financial , including : Limited skills as well as Comprehensive in the Accounting Sector: Many MSME *owners* have i lack in ability as well skills in the sector accounting, so they have difficulty in preparing financial reports . There is no professional staff in the sector Accounting: The existence of experts in the field of accounting is very limited or even non-existent, so that MSMEs find it difficult to get professional assistance in preparing financial reports. Perception that Accounting is Too Complicated: Several MSME players who have received accounting training feel that this is true if accounting is very difficult, so they are reluctant or have difficulty applying it in their business activities. Time wasted only on activities business : Limited hours are an obstacle, because MSMEs have difficulty allocating hours to write transactions and make reports financial as a result of focusing on carrying out business activities. In this context, the importance of financial reports becomes an internal tool give financial situation information business be hampered by limited understanding and skills to make a report financial . For MSME *owners* , especially those in business Micro, accounting complexity is considered very difficult to understand implement them , and many of them simply carry out bookkeeping traditional or not carrying it out bookkeeping

financial at all, mix between personal money and industrial money . In this context, the study also explores usage initial equalization of accounting becomes a step alternative in making financial reports for MSMEs .

## Discussion

This study is useful in understand What use Equalization of accounting guidelines can help MSMEs when preparing financial reports follow SAK EMKM. From engineering study field with steps *interviews* , observations as well help create financial reports directly with *the owner* MSMEs in the Pesawaran Lampung area got it findings If equalization of accounting guidelines can help as well as makes it easier MSME *owners* when preparing financial reports . Party *owner* MSMEs that have i lack outlook as well as skills on sector Accounting feels really good helped because from Balancing accounting guidelines can create financial reports that follow approved standards . Obstacle MSMEs feel that accounting is sane very difficult to implement , can be overcome Because assistance in equalizing accounting guidelines . Besides , this encouragement is also due support will entity to implement caught follow policy as well as IAI standardization which was ratified on January 1 2018 namely SAK EMKM. In order to provide clarification that not all business entities operate on a small or medium scale, since January 1 2018, the Statement of Financial Accounting Standards (PSAK) introduced the Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM) with the aim of simplifying the accounting process . EMKM SAK is applied in unregistered entities have large scale businesses , for example MSMEs and cooperatives. The use of SAK EMKM is considered generally understandable because it adopts simpler guidelines, makes implementation easier, and is in line with the needs of society at large. (Bokol et al., 2020) . Utility reporting financial This is for application purposes loan to the bank as a facility add funds . This is in line with Dewi Jilma's (2017) study that in order to advance and increase MSME funds through a step, namely requesting a loan from a bank, financial reporting is required in accordance with SAK EMKM.

The indicators that are obstacles have not yet been developed Reporting Finance in UMKM Ceplis Melinjo Pesawaran Lampung, reviewer start through example of making a report b in the form of a Financial Condition Report as well as Entity profits and losses according to the information obtained from Ceplis Melinjo Pesawaran Lampung, right ?

### 1. Bookkeeping

Recording financial reports begins with the process of collecting proof of transactions from UMKM Ceplis Melinjo Pesawaran Lampung, which involves purchase invoices, sales invoices (notes), receipts, economic records , as well as proof of electricity transactions and other financing . All these documents are sorted based on the time it occurs , then written in the journal , and then posted in the ledger according to the account or accounts concerned.

### 2. Overview

From the entries in the ledger, the reviewer prepares a trial balance. The trial balance is then presented on a working paper with an additional adjustment journal, namely a journal compiled from payments that require adjustment. For example, including recording asset depreciation, adjusting Ceplis Melinjo inventory balances between administrations and their implementation due to weighing losses, and other things. The balances for each account in the general record are included in the trial balance. Next, adjustments are made and the total between the two is recorded, which is entered into the trial balance table after it is determined. Next, the balances after adjustments are entered in the profit and loss table on the nominal account, while the original account is entered in the financial position table. This working paper was prepared to facilitate the creation of financial reporting for Ceplis Melinjo Pesawaran Lampung.

### 3. Presentation

This presentation is the final output from the preparation of financial reporting. According to the working paper that has been prepared, the reviewer made financial reports for Ceplis Melinjo Pesawaran Lampung based on the policies in SAK EMKM for 2 periods, namely the end of 2018 and 2019. The two financial reporting periods were used to compare the growth of MSMEs over 2 accounting periods. In this study, the reviewer makes financial reporting consisting of Reporting Financial Conditions, Profits and Losses, and Recording Financial Reporting. Financial Condition Reporting refers to the regulations in SAK EMKM, and reporting is described comparatively between the accounting period of the relevant year and the previous year, covering aspects of assets, liabilities and equity.

## V. CONCLUSION

According to the presentation discussion as well as The problem is also the aim of the study "Application of SAK EMKM Accounting in Preparing Financial Reports at Ceplis Melinjo Pesawaran Lampung MSMEs" so that The conclusions that can be drawn are : Findings shows financial reports in UMKM Ceplis Melinjo has not been prepared based on SAK EMKM: findings study show reporting financial Ceplis Melinjo Pesawaran Lampung has not been made based on SAK EMKM. According to SAK EMKM which came into effect on January 1 2018, all MSMEs that have met the criteria and Want to plead loan to increase business capital to the bank must explain Financial reporting follow the provisions of SAK EMKM, so make it Financial reporting for MSMEs Ceplis Melinjo Pesawaran Lampung. The financial report that the reviewer made is : Financial Position Reporting , Profit and Loss Reporting as well Recording of Financial Reporting . The preparation of these 3 reports is based on the provisions and procedures for creating SAK EMKM.

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