

FINANCIAL STATEMENT MODEL BASED ON SAK EMKM IN THE “POLIFE” STUDENT ENTREPRENEUR GROUP

Lusye Corvanty Kumaat, Yelly Sjenny Paendong, Jerry Sonny Lintong *

Department of Accounting, Manado State Polytechnic, Manado 95254, Indonesia

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*Corresponding author:

E-mail:

jerrylintong@polimdo.ac.id

ABSTRACT

The purpose of this research is to create a Financial Report Model based on SAK-EMKM in the Student Entrepreneurial Group "POLIFE" in Manado City, North Sulawesi Province. The ratio of the number of entrepreneurs or entrepreneurs in Indonesia is currently only 2 percent of the total population. Ideally, the ratio of entrepreneurs is 4 percent in order to encourage national economic growth. The POLIFE student entrepreneurial group is part of the Student Entrepreneurship Program (SEP) which is a program initiated by the Ministry of Education and Culture of the Republic of Indonesia, to be developed into campus life in order to stimulate the entrepreneurial spirit of students. As an entity, the manager is obliged to prepare financial reports, which will be used by interested parties in making decisions. To help MSMEs meet their financial reporting needs, the Indonesian Institute of Accountants' Financial Accounting Standards Board has compiled and ratified SAK EMKM. Financial reports based on SAK EMKM, which Polife must prepare, consist of a statement of financial position, an income statement, and notes to financial statements.

Keywords: Financial Report Model, SAK EMKM

Introduction

The POLIFE student entrepreneur group is part of the Student Entrepreneurial Program (SEP) which is a program initiated by the Ministry of Education and Culture of the Republic of Indonesia, to be developed into campus life to stimulate the entrepreneurial spirit in students. This program is implemented every year in almost all public and private universities in Indonesia. This activity is expected to encourage the growth of young entrepreneurs, because the ratio of the number of entrepreneurs or entrepreneurs in Indonesia currently only reaches 2 percent of the total population. Ideally, the entrepreneur ratio is 4 percent in

order to encourage national economic growth, as shown in Figure 1.

An entity is certainly obliged to make financial statements. One of the general objectives of financial statements according to the Indonesian Accounting Principles (PAI), is to provide reliable financial information about the assets and liabilities as well as the capital of a company. This general principle implies that the purpose of accounting or financial statements is to produce information about the assets and liabilities as well as the owner's equity of an entity. The financial information media that provides information on assets, liabilities and owner's equity is the balance sheet.

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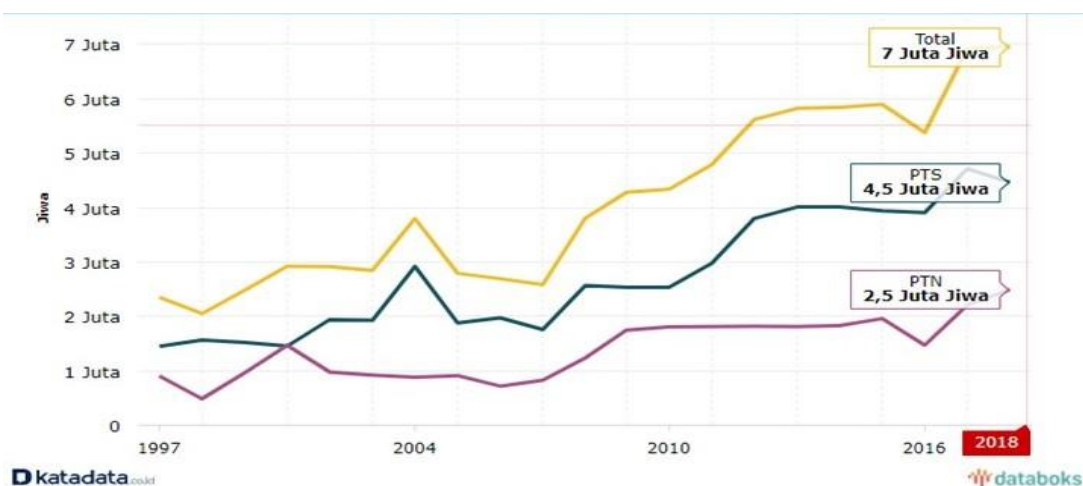


Figure 1. Number of Entrepreneurial Students 1997-2018 (BPS, 2019)

The results of interviews and observations of the POLIFE entrepreneurial group show that the obligation to make financial reports is very simple, only in the form of asset/inventory records, daily shopping lists, and daily sales results.

Based on UU RI No. 20/2008 (UU No. 20, 2008) concerning Micro, Small and Medium Enterprises, Chapter 1 Article 1 it is stated that Micro Enterprises are productive businesses owned by individuals and/or individual business entities that meet the criteria for Micro Enterprises as regulated in this Law.

Small Business is a productive economic business that stands alone, which is carried out by individuals or business entities that are not subsidiaries or not branches of companies that are owned, controlled, or become part either directly or indirectly of Medium Enterprises or Large Businesses that meet the Business criteria. Small as referred to in this Law. Medium Enterprises are productive economic businesses that stand alone, which are carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or become a part either directly or indirectly with Small Businesses or Large Businesses with total net assets or annual sales results.

The criteria for MSMEs based on Article 6 of the Law states:

1. Criteria for Micro Enterprises
 - a. has a net worth of at most IDR. 50,000,000.00 excluding land and buildings for business premises; or

- b. have annual sales of a maximum of IDR.300,000,000.00.
2. Small Business Criteria
 - a. has a net worth of more than IDR 50,000,000.00 - IDR 500,000,000.00 excluding land and building for business; or
 - b. have annual sales of more than IDR. 300,000,000.00 - up to a maximum of IDR. 2,500,000,000.00.
3. Criteria for Medium EntelDRrises
 - a. has a net worth of more than IDR 500,000,000.00 - up to a maximum of IDR 10,000,000,000.00 excluding land and building for business; or
 - b. have annual sales of more than IDR 2,500,000,000.00 - up to a maximum of IDR 50,000,000,000.00.

The application of accounting is one of the control functions that must be carried out by entities, especially for entities that are still difficult to manage business expenses with their personal expenses. Business entities have the most fatal risk, namely bankrupt, which one of the contributing factors is errors in financial management, where financial recording and reporting are not carried out. Therefore, the application of accounting is very necessary. For maximum results, it is better if accounting is applied in accordance with applicable accounting standards (Hamise et al., 2020).

Financial statements are information records of a company in the accounting period that describe the company's performance. Financial

statements are useful for bankers, creditors, owners and interested parties in analyzing and interpreting the financial performance and condition of the company (Ikatan Akuntan Indonesia, 2018). Financial statements are the result of an accounting process that provides financial information of a company that is useful for interested parties in making economic decisions. The financial statements consist of: statements of income and other comprehensive income, statements of changes in equity, statements of changes in financial position, statements of cash flows, and notes to financial statements (Bahri, 2016). The objective of financial statements is to provide information on an entity's financial position, financial performance, and cash flows that is useful to most users of financial statements in making economic decisions. Financial statements are also a form of management's responsibility for the use of resources entrusted to them in managing an entity (Kartihadi et al., 2019).

Information on the entity's financial position consists of information about the entity's assets, liabilities and equity at a specific date, and is presented in the statement of financial position. These elements are defined according to SAK EMKM:

1. Assets are resources controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity.
2. A liability is a present obligation of the entity arising from past events, the settlement of which resulted in an outflow from the entity of resources embodying economic benefits.
3. Equity is the residual interest in the assets of the entity after deducting all of its liabilities.

The entity's performance information consists of information about income and expenses during the reporting period and is presented in the income statement.

- a. Income is an increase in economic benefits during the reporting period in the form of cash inflows or an increase in assets, or a decrease in liabilities resulting in an increase in equity that does not come from contributions from investors.

- b. Expenses are decreases in economic benefits during the reporting period in the form of cash outflows or decreases in assets or increases in liabilities resulting in a decrease in equity that is not caused by distributions to investors.

The basis for measuring the elements of financial statements in SAK EMKM is historical cost. The historical cost of an asset is the amount of cash or cash equivalents paid to acquire the asset at the time of acquisition. The historical cost of a liability is the amount of cash or cash equivalents received or the amount of cash expected to be paid to meet the liability in the normal course of business. Recognition of financial statement elements is the process of establishing an item in the financial statement or income statement that meets the following criteria:

1. The economic benefits associated with items of assets, liabilities, income and expenses can be ascertained to flow into or out of the entity.
2. The items have a cost that is measurable and reliable.

Disclosure is required when compliance with certain requirements in SAK EMKM is not sufficient for users to understand the effect of transactions, other events and conditions on the entity's financial position and performance. Fair presentation of financial statements requires entities to present information that is relevant, representative, accurate, comparable and understandable. The entity presents the complete financial statements at the end of each reporting period. Minimum financial statements consist of:

1. Statement of financial position
2. Income statement
3. Notes to financial statements

Method

This study uses a qualitative research approach. Qualitative research is aimed at understanding the social phenomena of participants who are interviewed, observed, asked to provide data for research. Based on the data obtained, the researcher describes the process for designing the Polylife financial statement model, so as to produce financial statements based on SAK EMKM (Moleong, 2010).

Sources of data obtained through: (1). The person/perpetrator, in this case Management Polife, is the Chairperson, and Member of the student entrepreneur group. (2). Events/Activities, namely business activities of Polife in the form of records of asset purchases, sales, expense notes, and others. (3). Documents, in the form of asset records, daily sales records, and daily cash disbursements records.

The data collection method is a bridge that connects researchers with the social phenomena they study. Several methods of data collection in this study, namely:

1. Interviews, the researchers asked several things, namely when Polife was founded, how much is the business capital assistance fund from the Manado State Polytechnic, the types of businesses from Polife, how is the business development, how is the division of management tasks, how is the internal control, how is the reporting mechanism and the type of -Types of reports made per day, per month and per year.
2. Observation, researchers involve themselves directly and observe the daily activities of Polylife, namely the process of buying, selling, and other operational activities.
3. Document analysis, the researcher obtained data from written records from the Polife management, with several stages,

namely document compilation, document sorting, in-depth analysis, and drawing conclusions (Efferin et al., 2008).

Data analysis was carried out qualitatively, using data analysis techniques. The stages of analysis carried out are data collection, data reduction, data display, and conclusion (Setyawati & Hermawan, 2018). Data reduction is defined as the process of selecting, focusing on simplification, abstracting, and transforming rough data that emerges from written records in the field, data reduction is carried out continuously during the research process. Presentation of data is done by presenting a collection of information arranged in the framework of drawing conclusions, usually based on certain themes. Based on the data collected, a statement of financial position, income statement, and notes to the financial statements are presented. Drawing conclusions, is the third flow activity. Final conclusions will emerge after data collection ends based on the data that has been presented to describe the results of the design of financial statements based on SAK EMKM.

Based on the data collected, the SAK EMKM financial report model for the Polylife student entrepreneur group can be presented as follows:

Statement of Financial Position Model

Table 1. Polife student entrepreneurs statement of financial position 31 December 2019

ASSET	Notes	2019	2018
Cash and cash equivalents			
Cash	3	xx	xx
Bank	3	xx	xx
Total cash and cash equivalents		xx	xx
Accounts receivable	4	xx	xx
Stock	5	xx	xx
Prepaid expenses Beban	6	xx	xx
Fixed assets	7	xx	xx
Accumulated depreciation		xx	xx
TOTAL ASSETS		xxx	xxx
LIABILITY			
Accounts payable		xx	xx
Bank payable		xx	xx
TOTAL LIABILITY		xxx	xxx

KUITAS	Notes	2019	2018
Capital	8	xx	xx
Retained earnings (Deficit)		xx	xx
TOTAL EQUITY		xx	xx
TOTAL LIABILITY & EQUITY		xxx	xxx

Source: Processed Data, 2020

Income Statement Model

Table 2. Polife student entrepreneurs income statement for years ended per 31 December 2019

INCOME	Note	2019	2018
Operating revenues	9	xx	xx
Other income		xx	xx
TOTAL INCOME		xxx	xxx
EXPENSE			
Operating expenses	10	xx	xx
Miscellaneous expenses		xx	xx
TOTAL EXPENSE		xxx	xxx
PROFIT (LOSS) BEFORE TAX		xxx	xxx

Source: Processed Data, 2020

Notes to Financial Statements

Table 3. Polife Student Entrepreneurs Notes to Financial Statements 31 December 2019

1. GENERAL	The POLIFE student entrepreneur group, is the Manado State Polytechnic Entrepreneurial Student Program, which is located on Jl. Raya Polytechnic, Front of BRI Polytechnic Unit, Buha Village, Mapanget, Manado. Established since the end of 2017 and started operating in 2018, with business fields: restaurants and general trading.
2. ACCOUNTING POLICY OVERVIEW	
a. Compliance Statement	Financial statements are prepared based on SAK EMKM
b. Basic Compilation	The preparation of the financial statements is historical cost and uses the accrual basis assumption. The presentation currency used for the preparation of the financial statements is rupiah.
c. Accounts receivable	Trade receivables are presented at the amount billed
d. Stock	Inventory costs include the cost of purchasing raw materials, in the form of: rice, coconut oil, box boxes, rice wrapping paper, plastic, etc., as well as transportation costs for purchases.
e. Fixed assets	Fixed assets are carried at cost and are depreciated using the straight-line method with no residual value.
f. Revenue and Expense Recognition	Sales revenue is recognized when invoices are issued or shipments are made to customers. Expenses are recognized when the transaction occurs.

g. Income tax			
Income tax follows the applicable tax provisions in Indonesia.			
		2019	2018
3.	BANK		
	Cash	xx	xx
	Bank	xx	xx
	Amount	xx	xx
4.	Receivable		
	Employee Receivable	xx	xx
5.	INVENTORY	2019	2018
	Rice	xx	xx
	Coconut oil	xx	xx
	Paper	xx	xx
	Plastic cups	xx	xx
	Gas	xx	xx
	Tuna fish	xx	xx
	Herbs and spices	xx	xx
	Amount	xx	xx
6.	PREPAID EXPENSES	2019	2018
	Salary prepaid	xx	xx
7.	FIXED ASSET	2019	2018
	Nokia 105 Black	xx	xx
	AQUA Freezer	xx	xx
	RSA showcase 5 shelf	xx	xx
	Plastic Table & Umbrella	xx	xx
	Aluminum ladder	xx	xx
	Machete	xx	xx
	Electric Ice Gil	xx	xx
	Rinnai Grande 2 burner stove	xx	xx
	Gas Cylinders 3 kg for 7 tubes	xx	xx
	Gas cylinder 12 kg for 1 tube 1	xx	xx
	Kitchen Repair	xx	xx
	Total assets	xx	xx
	Accumulated depreciation	xx	xx
	Net Assets	xx	xx
8.	EQUITY	2019	2018
	Capital	xx	xx
	Retained earnings (deficit)	xx	xx
	Amount	xx	xx
9.	INCOME	2019	2018
	Operating revenues	xx	xx
	Other income	xx	xx
	Amount	xx	xx
10.	EXPENSES	2019	2018
	Operating expenses	xx	xx
	Miscellaneous expenses	xx	xx
	Amount	xx	xx

Source: Processed Data, 2020

Conclusions

Based on the previous descriptions, it can be concluded as follows.

1. The entity has not recorded and prepared financial statements in accordance with the applicable standards, namely the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM). The recording and preparation of financial statements is still very simple because it only records assets, daily sales results, and daily cash disbursements.
2. The entity has not taken into account depreciation of property, plant and equipment. Depreciation of property, plant and equipment uses the straight-line method with no salvage value.
3. If the financial statements cannot be presented in accordance with the standards, then the information users cannot know with certainty how much profit or loss the entity has and how many assets it has, which can be used for decision making.

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