

Original Research Article

FINANCIAL REPORTING PREPARATION DESIGN BASED ON SAK EMKM

Abstract

The purpose of this study is to compile financial reporting about Indonesia's MSMEs Las Kopi Malang. This study is important since MSMEs contribute significantly to Indonesia's food and beverage industry despite poor financial management. This study uses a qualitative case study method, utilizing observation, documentation, and interviewing methods to gather data. Technical and source triangulation were the two triangulation methods used in this investigation. Data reduction, data display, and conclusion are all steps in data analysis. The study's findings demonstrate that Las Kopi use the Pawoon application to track sales transactions. This application's purpose is to solely display the sales; it does not prepare financial reports under SAK EMKM. To create financial reports, researchers go through four stages: identifying opening balances, transactions, accounting procedures, and financial report creation.

Keywords: Financial Reporting, SAK EMKM, MSMEs

Introduction

Micro Small Medium Enterprises (MSMEs) are companies that increase Gross Domestic Product (GDP) income and lower unemployment, both of which benefit the Indonesian economy's growth (Fitriyyah et al., 2020; Sularsih & Sobir, 2019). Constant price GDP climbed from IDR 5,721.1 trillion in 2018 to IDR 7,034.1 trillion in 2019 by 22.9%. From Rp 9,062.6 trillion the year before to Rp 9,580.8 trillion this year, MSMEs' share of the GDP at current prices increased by 5.7%. The high labour utilization rate of MSMEs is one of the drivers boosting GDP. In 2018, 117 million people were employed by MSMEs, and 119.6 million people in 2019, an increase of 2.21%. According to the data, MSMEs impact Indonesia's unemployment rate (Hasanah & Sukiyarningsih, 2021).

Better MSMEs finance management can boost this contribution by enabling MSMEs management to predict financial performance and MSMEs development potential accurately. After MSMEs actors submit financial reports, financial performance can be calculated. The company's situation is described in the financial statements, which is crucial for other parties making economic decisions (Mutiah, 2019; Rochayatun et al., 2022). Financial reports also impact the company's long-term ability to conduct business (Ekasari et al., 2021; Larasati et al., 2017; Ningtiyas, 2017). Financial reports help management to maximize owned capital, determining the financial status over a specific period, as a basis for calculating taxes, and a basis for making business choices for MSMEs (Linawati & Fajriah, 2021).

MSMEs still need to properly implement financial reports built on the relevant financial accounting standards. Financial reports are maintained straightforwardly since MSMEs actors' disregard for financial preparation limits MSMEs' ability to grow and compete (Barus & Suharman, 2020; Ekasari et al., 2021; Maulana & Mulyandani, 2021; Pahlevi & Mulyanto, 2020). For MSMEs, creating financial reports presents four challenges, limited accounting knowledge and expertise, a lack of HR accounting expertise, the perception that accounting is too complex, and poor time management, which makes it challenging to allocate time for recording transactions and creating financial reports (Afiffudin & Maqsudi, 2023; Fitriyyah et al., 2020; Sularsih & Sobir, 2019).

Institute of Indonesia Chartered Accountants (IAI) released Financial Accounting Standards for Micro, Small, and Medium-sized Enterprises (SAK EMKM) to simplify

MSMEs to submit company reports in response to the numerous instances of MSMEs having to prepare financial reports (Hermansyah & Sutjahyani, 2023; Maulana & Mulyandani, 2021; Mutiah, 2019; Santoso & Priyadi, 2023). A statement of financial position, an income statement, and notes to financial statements (NFS) are the three parts of SAK EMKM ((Fitriani, 2021; Fitriyyah et al., 2020; Linawati & Fajriah, 2021; Tjandrakirana et al., 2022). According to a survey of 45 MSME players, 51% had kept financial records, but only 15.5% of those reports were accurate enough to satisfy creditors (Maulana & Mulyandani, 2021; Mutiah, 2019). The Las Kopi is one of the MSMEs still required to maintain accounting records under SAK EMKM.

Transactions record at Las Kopi is still relatively simple. The recording is only sales for a given day. On the other hand, the keeping of financial records and the documentation of purchases receive less attention, because business owners' awareness of the relevant standards for compiling financial reports is low, increasing owners' knowledge and understanding of these standards is still necessary. The financial reports for MSMEs Las Kopi are still due and contain crucial data for its users. In light of the circumstances, as mentioned earlier, SAK EMKM is crucial for Las Kopi to provide financial reports under applicable criteria. Financial records allow the owner of Las Kopi to ascertain the company's assets, liquidity, and profits or losses to assess the company's performance over time and serve as a foundation for business choices.

Literatur Review

Financial statements

Financial reports contain financial data about a firm and are used to evaluate how well it performed within a specific period (Mutiah, 2019). According to earlier studies, financial reports are defined as information on a company's success within a certain accounting period (Ekasari et al., 2021; Larasati et al., 2017). Internal and external users are the two types of users for financial statements (Fitriyyah et al., 2020). Internal parties directly interact with the business to make decisions for the company's future development in a better direction (Sularsih & Sobir, 2019).

Micro, Small, and Medium Enterprises

MSMEs advance the nation's economic progress by boosting income and the local community's economy. The presence of MSMEs has an impact on boosting consumer spending and lowering unemployment. MSMEs sustainably impact the nation's economy by creating jobs and lowering unemployment (Ekasari et al., 2021; Santoso & Priyadi, 2023). An MSME is a small-scale economic sector controlled by neighbourhood associations, families, or private citizens (Mutiah, 2019). The capital amount and annual sales requirements outlined in Law No. 20 of 2008 are the foundation for the micro, small, and medium categories. The maximum business capital for micro firms, excluding land and buildings, is IDR 1 billion, while its annual sales cap is IDR 2 billion. Small businesses are neither direct nor indirect branches of medium nor big enterprises, and they have larger capital than micro-businesses, up to a maximum of IDR 5 billion, and yearly revenues between IDR 2 billion and IDR 15 billion. The capital of medium-sized firms is between IDR 5 billion and IDR 10 billion, and their yearly revenues are between IDR 15 billion and IDR 50 billion.

Financial Accounting Standards for Micro, Small, and Medium-sized Enterprises

According to the quantitative scope of Law No. 20 of 2008 governing MSMEs, SAK EMKM is meant for micro, small, and medium-sized businesses. The MSMEs who still need to fulfil the requirements to use SAK ETAP are the target audience for this standard (IAI, 2021). According to SAK EMKM, the five main components of financial statements are

assets, liabilities, equity, income, and expenses. In SAK EMKM, assets are described in chapters 2, 4, 8, 11, and 12. Financial assets, fixed assets, and intangible assets are three categories of assets. Assets are all valued at cost. Liabilities, which include both short-term and long-term liabilities, are described in Chapters 2, 4, 8, and 13. The amount that must be paid is known as the liability, which is recognized until the entity makes the payment.

Equity may be share capital, additional capital, or retained earnings in Chapters 2 and 13. According to the relevant laws, the owner's capital contributions have been reported as cash or non-cash. Each post in a limited liability company with a paid-up capital greater than the nominal value of the shares is considered to have equity, according to the applicable laws and regulations for non public firms (SAK EMKM, 2018). Chapter 2 and Chapter 14 describe revenue. According to SAK EMKM, the right to receive payment, whether now or in the future, is represented by revenue recognition. In SAK EMKM, Chapters 2 and 14 discuss expenses. Throughout the lease period, lease payments are straight-lined as rental expenses.

According to SAK EMKM, there are three financial statements: the statement of financial position, the income statement, and the notes to the financial statements (NFS). The business's overall assets and funding sources are detailed in the statement of financial status. Cash and cash equivalent accounts, accounts receivable, inventory accounts, fixed assets, accounts payable, bank loans, and equity accounts are the accounts shown on the statement of financial position (SAK EMKM, 2018). An entity's profit or loss is disclosed in the income statement. Users of financial statements can forecast future cash flows as a factor in profit or profitability, funding value, and credit formalities for the three parties since it gives a general overview of the company's operational performance.

Revenue accounts, financial expense accounts, and tax expense accounts are the accounts that make up the income statement (SAK EMKM, 2018). NFS offers detailed and important justifications for the accounts. The NFS report is crucial because it may be used to examine companies' liquidity and provide users with information on which to base choices. At least three items are included in NFS, including the statements of preparation made under SAK EMKM, the accounting policies and methods employed, and additional details and explanations for each account that list significant transactions and aid users in understanding financial statements (SAK EMKM, 2018). The NFS report is crucial because it may be used to examine companies' liquidity and provide users with information on which to base choices.

Research methods

This qualitative case study provides detailed information (Kholilah et al., 2022) regarding the planning process for creating financial statements for Las Kopi MSMEs based on SAK EMKM. Primary and secondary data are used in this research. Laws on MSMEs, SAK EMKM as a standard for compiling financial reports, accounting books, journals, articles, prior research related to research topics regarding the preparation of MSME financial reports, and proof of transactions (cash in, cash out, receipts, cash notes, and invoices) are all examples of secondary data used in this study to support primary data. Table 1 displays the sources of the data.

Table 1. Informant

No.	Name	Position
1	Ali Muhaidori	Owner
2	Galang Tri Andriansah	Employee
3	Tara Malika	Employee
4	Fatih Aulia	Employee
5	Robiatul Adawiyah Putri	Employee

Researchers used observational methods, interviewing techniques, and documentation or other proof of transaction records to obtain data for the research. Ali Muhaidori, Galang Tri Andriansah, Tara Malika, Fatih Aulia, and Robiatul Adawiyah Putri were the informant. Observing the informant activities and transactions are the observation technique. Documents might be written works, visual images, or a person's colossal creations. Researchers employ evidence of transactions (cash in, cash out, receipts, cash notes, invoices, bank statements, and memos) conducted by Las Kopi to acquire data using in this method.

Researchers employed data triangulation techniques and a data credibility test to assess the reliability of the data. Technical and source triangulation were the two triangulation methods used in this investigation. This study uses in-depth interviews, participatory observation methods, and documentation on the same data source (Sugiyono 2013: 241). In this method, the researcher observes, speaks with, and records the informants statement to learn the contrasts and similarities between each piece of information used as study data. Source triangulation is a data-gathering strategy that uses the same technique to gather data from many sources (Sugiyono 2013: 241). Using Las Kopi documents, transaction records, and other evidence, the researcher employs this technique to verify the accuracy of the data.

Data analysis is the processing and arrangement of information from interviews, field notes, and other sources to address the study's goals. In order to create findings that are simple for the general public to understand, the data is categorized, divided into smaller pieces, integrated into one, made into patterns, and selected that are vital to learning. To fully understand the data, qualitative data analysis processes are interactive and ongoing (Miles & Huberman, 1984). Data reduction, data display, and conclusion are all steps in data analysis. Researchers will concentrate on discovering, categorizing, and analyzing transaction data on Las Kopi throughout the data reduction stage. When it comes time to present the data, the researcher enters transaction information in the journal, posting to ledgers, unadjusted trial balances, adjusting journal entries, and worksheet. Statements of Financial Position, Income statement, and NFS were generated by the researcher based on SAK EMKM at the conclusion stage.

Results & Discussion

A general description of the company

MSMES Las Kopi on Jl. Pandanaran No. 6, RT.004 RW008, Karangbesuki, Sukun District, Malang City, East Java, Indonesia. Mr Ali Muhaidori founded Las Kopi, constructed in March 2020 and opened for business on February 3, 2021. This information was gleaned from a conversation with Mr Ali Muhaidori at MSMES Las Kopi on November 8, 2022.

"The shop was finally opened on February 3, 2021, after development on it had initially been scheduled to end in early March 2020."

Las Kopi only document daily sales and not paying enough attention to the bookkeeping of financial reports under SAK EMKM. A structure for the organization is still required. However, the owner's interviews revealed that the business had different job description for servers, baristas, and cashiers. The owner task was managing organizational activities, coordinating business-related activities, and assembling a strong team to achieve company's objectives, making work goals and sales targets for each period, reviewing coffee shop operations, handling administration and generating basic reports, making crucial organizational decisions, and offering solutions when issues arise.

The cashier is in charge of three tasks, processing sales transactions, keeping the cashier area tidy, and ensuring that the quantity of money equals the sales proceed. The preparation of beverages and food items that customers have purchased, oversight of the quality of the raw ingredients, and analysis of customer preferences are baristas task. The duties and responsibilities of the waitress include being amiable by grinning while greeting

patrons as they arrive or depart, checking that patron orders are placed correctly, delivering and placing patron drinks, and ensuring that patron seating (both before and after) is clean are servers' task.

Las Kopi Financial Reporting

For sales transactions, Las Kopi still maintains straightforward records. This finding supports earlier research that claimed MSMEs typically only produced sales records (Linawati & Fajriah, 2021). The Pawoon program is used to facilitate Las Kopi recording. This conclusion is under Mr Ali Muhaidori's declaration as the owner of MSMEs Las Kopi on November 8, 2022.

"Bro, recording at Las Kopi is still easy. At first, Las Kopi kept track of sales in a note book; later, in early 2022, they utilized the Pawon application to determine current sales and daily income based on the day's total sales, for cash income. I also do not record individual expenses, only the amount required to purchase the raw materials."

Companies still need to provide financial reports for three reasons. These three factors are a need for accounting knowledge, the requirement for extra time to keep records, and the absence of a designated leader because the owner mainly handles administrative tasks. This outcome is listed under Mr Ali Muhaidori's November 8, 2022, interview response.

"Bro, the issue is that I do not understand accounting and do not have the time to keep financial records and books. I also run my own business because I work in indirect administration."

Research Discussion

Four steps to address the research objectives are finding opening balances, transaction analysis, accounting cycles, and financial reporting. Finding the opening balance is the first step in the process. The second step concerns locating, categorizing, and examining transaction data. At this time, the researcher determined the financial reporting period to be October 2022. The third step includes entering transactions in the journal, posting to the general ledger, enters transaction information in the journal, posting to ledgers, unadjusted trial balances, adjusting journal entries, and worksheet. The fourth stage is to create financial reports under SAK EMKM.

First Stage: Identification of Initial Balance

The first steps are interviewing the owner about the initial balance and classifying the accounts in the financial statements. According to the findings of this interview, the corporation has numerous major accounts, including cash, fixed assets (buildings and equipment), liabilities, and equity. November 8, 2022, interview with Mr Ali Muhaidori, the company's owner, revealed that Las Kopi had IDR 11,700,000 in cash at the end of September 2022.

"At the end of September, we had IDR 11.700.000 in cash."

Buildings comprise the fixed assets of Las Kopi. The business leases land to erect a structure. Since vehicles are privately owned, they are not considered corporation assets. These are the outcomes of a conversation on November 8, 2022, with Mr Ali Muhaidori.

"The only fixed assets we have are buildings and machinery. I built the building in 2020 for IDR 129.000.000, the car is mine, and the land is rented IDR 25.000.000/year with a 5-year lease minimum"

Equipment is a further fixed asset owned by the business. Equipment is a business asset with a longer useful life than a year to support operations. Chairs, tables, refrigerators, freezers, tablets, and computers are among the items of furniture that Las Kopi owns. These

outcomes are consistent with Mr Ali Muhaidori's interview at Las Kopi on November 8, 2022, which produced similar outcomes.

" There are 27 sets of chairs and tables for a total cost of IDR 17.500.000, as well as refrigerators and freezers that cost IDR 4.000.000 and IDR 3.000.000, respectively. There is also a laptop IDR 7.000.000".

Researchers identify the company's fixed assets and make a list of depreciation. The list of assets is presented in Table 2.

Table 2. Equipment List

Asset	Acquisition Year	Acquisition Cost	The Useful Life	Depreciation per Year
Table and chairs	2021	17.500.000	Four years	4.375.000
Refrigerator	2021	4.000.000	Four years	1.000.000
Freezer	2021	3.000.000	Four years	750.000
Tab	2021	3.000.000	Four years	750.000
Laptops	2021	7.000.000	Four years	1.750.000

At the end of September 2022, Las Kopi's liabilities included the final IDR 937.000 of BRI's debt and IDR 154.526.250 as owner equity. On November 8, 2022, Mr Ali Muhaidori was interviewed to get this information.

"We just have IDR 937.000 in debt from Bank BRI. Beside it, my savings provide the funding for my business is IDR 154.526.250."

Researchers used the findings from the interviews as the foundation for creating an initial trial balance under the accounts in the financial statements. The accounts include cash, supplies, inventory, prepayments for rent, machine, buildings, accumulated depreciation of building and machine, bank loans, and owner's equity. Table 3 displays the balances of these accounts.

Table 3. Trial Balance

Account name	Debit	Credit
Cash	11.700.000	
Supplies	6.400.000	
Inventory	10.727.000	
Prepaid Rent	6.250.000	
Equipment	34.500.000	
Building	122.400.000	
Accumulated Depreciation of Equipment		15.093.750
Accumulated Depreciation of Buildings		21.420.000
Bank Loan		937.000
Owners' Equity		154.526.250
Total	191.977.000	191.977.000

Second Stage: Transaction Identification

The second stage is to identify transactions in the form of an analysis of transactions in October 2022. Transaction identification was carried out with Ali Muhaidori, Galang Tri Andriansah, Tara Malika, Fatih Aulia, and Robiatul Adawiyah Putri. Transactions for paying

salaries, covering operating costs, and recognizing tax expenses took place apart from sales and purchase transactions. In order to assist in completing the accounting cycle, the researcher creates several account names and additional account numbers at this point. Code suggestions and account names are shown in Table 4.

Table 4. Recommended Account Numbers and Names

ACCOUNT NO	ACCOUNT NAME
1-000	ASSET
1-100	CURRENT ASSETS
1-111	Cash
1-113	Equipment
1-120	Prepaid lease
1-200	FIXED ASSETS
1-210	Equipment
1-211	Building
1-212	Equipment Depreciation Accumulation
1-213	Accumulated Depreciation of Buildings
2-000	LIABILITIES
2-100	Debt
2-400	Bank Debt
3-000	EQUITY
3-100	Capital
3-200	Private
4-000	INCOME
4-100	Coffee Welding Sales
4-200	Other income
5-000	LOADS
5-111	Purchase
5-112	Transportation Expenses
5-113	Salary expense
5-114	Electrical Load
5-115	Internet load
5-116	Equipment Expenses
5-117	Cleaning Expenses
5-118	Rental expenses
5-119	Renovation Expenses
5-120	Equipment Depreciation Expense
5-121	Building Depreciation Load
5-122	Income Tax Expense
5-123	Retribution Tax Expense
5-124	Cost of goods sold

Stage Three: Journals, Ledgers, Adjustments, and Post-Adjusted Trial Balance

The following steps include making a general journal and posting the account to the ledger. One illustration of a general ledger for a purchasing account may be found in Table 5.

Table 5. Purchase General Ledger

Date	Information	Debit	Credit	Balance	
				Debit	Credit
01/10/2022	Purchase of tube ice, Gallons, and Gas		64.000		64.000
02/10/2022	Purchase of tube ice, Gallons, and Gas		64.000		128.000
03/10/2022	Purchase of tube ice, Gallons, and Gas		64.000		192.000
03/10/2022	Purchase of Beverage Materials		1.261.000		1.453.000
03/10/2022	Purchasing Foodstuffs		320.000		1.773.000
03/10/2022	Purchase of Auxiliary Materials		142.000		1.915.000
04/10/2022	Purchase of tube ice, Gallons, and Gas		64.000		1.979.000

At the end of October, several transactions needed to be adjusted, including taxes due, consumable equipment, depreciation (using the straight-line approach with useful lifetimes adjusted for tax requirements), and expired leases. The Las Kopi adjustment journal is shown in Table 6.

Table 6. Adjustment Journal

Date	Information	Debit	Credit
31/10/2022	Rent expenses Prepaid Rent	2.083.333	2.083.333
31/10/2022	Equipment Depreciation Expense Building Depreciation Expense	718.750 1.020.000	
	Accumulated Depreciation of Equipment Accumulated Depreciation of Building		718.750 1.020.000
31/10/2022	Supplies Expenses Supplies	1.600.000	1.600.000
31/10/2022	Income Tax Expense Account payable	373.950	373.950
31/10/2022	Retribution Tax Expense Account payable	400.000	400.000

Fourth Stage: Preparation of the Las Kopi Financial Reporting under SAK EMKM

It is simpler for businesses to identify the company's total assets, liabilities, and equity to prepare financial statements based on SAK EMKM. In this study, the authors created

financial reports based on SAK EMKM so that Las Kopi may understand their ownership of assets, liabilities, equity, revenues, and expenses for the period ending in October 2022. Income statements, statements of financial position, and notes to financial statements are the reports created.

Income statement

The income statement reveals the company's capacity to make profits in a period (Rudianto, 2012). The value of funding, credit terms with third parties, and future cash flows, and entities profitability are all predicted using this income statement. Table 7 shows total revenue of IDR 74.790.000, COGS of IDR 23.823.800, operational expenditures of IDR 23.241.083, and income tax expenses of IDR 139.194, and IDR 27.585.923 of profit.

Table 7. Income Statement

LAS KOPI		
INCOME STATEMENT		
For The Month Ended 31, 2022		
INCOME		
Sales		74.790.000
COST OF GOODS SOLD		
Inventory	10.727.000	
Purchase	19.052.750	
Total	29.779.750	
Ending Inventory	(5.955.950)	
Cost of Goods Sold		(23.823.800)
GROSS PROFIT		50.966.200
OPERATING EXPENSES		
Transportation Expenses	500.000	
Salaries expense	6.500.000	
Electrical Expenses	500.000	
Internet Expenses	669.000	
Cleaning Expenses	50.000	
Supplies Expenses	1.600.000	
Rent Expenses	2.083.333	
Renovation Expenses	9.200.000	
Equipment Depreciation Expenses	718.750	
Building Depreciation Expenses	1.020.000	
Retribution Tax Expense	400.000	
TOTAL OPERATING EXPENSES		(23.241.083)
PROFIT BEFORE TAX		27.725.117
Income Tax Expense		373.950
NET PROFIT		27.351.167

Statement of Financial Position

A report that details the ending balance of the company's assets, liabilities, and equity, is called a statement of financial position. According to Table 8, Las Kopi's, has total assets

of IDR 177.112.173, total liabilities of IDR 177.112.173, and total equity of IDR 177.112.173.

Table 8. Statement of Financial Position

LAS KOPI		
STATEMENT OF FINANCIAL POSITION		
OCTOBER 31, 2022		
CURRENT ASSETS		
Cash	43.422.056	
Supplies	4.920.000	
Inventory	5.955.950	
Prepaid Rent	4.166.667	
TOTAL CURRENT ASSETS		58.464.673
FIXED ASSETS		
Equipment	34.500.000	
Building	122.400.000	
Accumulated Depreciation of Equipment		15.812.500
Accumulated Depreciation of Building		22.400.000
TOTAL FIXED ASSETS		118.647.500
TOTAL ASSETS		177.152.173
LIABILITIES		
Bank Loan		-
TOTAL LIABILITIES		-
EQUITY		
Equity		181.607.417
Prive		(4.455.244)
TOTAL EQUITY		177.152.173
TOTAL LIABILITIES & EQUITY		177.152.173

Notes to Financial Statements

NFS is made up of updates and justifications for important and specific accounts. The NFS report is crucial because it allows for analysis of the state of Las Kopi to determine whether it is liquid. Additionally, the NFS report can serve as a guide for future decisions and activities, and information about the company's rules and procedures. Table 9 provides the NFS.

Table 9. Notes to Financial Statements

LAS KOPI	
Notes to Financial Statements	
OCTOBER 31, 2022	
1. Establishment and General Information	
	Las Kopi was established on February 3, 2021. Las Kopi is a coffee shop business that serves drinks and food located on Jl. Pandaran 6, Karangbesuki, Malang, East Java, Indonesia. Las Kopi is a micro enterprises according to Law no. 20 of 2008.
2. Summary of Significant Accounting Policies	
a. Statement of Compliance	Financial statements have been prepared in accordance with Financial Accounting Standards for Micro, Small and Medium Enterprises.
b. Basis of Preparation	The basis for the preparation used is historical cost and accrual basis assumption. 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 will be paid to fulfil the liability in the normal course of business for the basic assumption, from adjusting the cash to the accrual basis. The cash basis assumption records income and expense transactions when cash receipts and disbursements have been made, while the accrual basis records transactions when these transactions occur. The presentation currency used for the preparation of the financial statements is Indonesian Rupiah.
c. Fixed Assets	Recording of fixed assets in the amount of acquisition cost if the entity legally owns fixed assets. The straight-line method with no residual value is used to depreciate fixed assets.
d. Inventory	Raw material inventory costs include purchase costs and purchase freight costs. Las Kopi uses purchase costs x 20% for total inventory.
e. Revenue and Expense Recognition	Recognition of sales revenue when an invoice is issued or delivery is made to a customer. Expense recognition when the load is incurred.
f. Income tax	Income tax is under tax provisions in Indonesia, namely PPh Article 4 paragraph (2), whose practice is further regulated through Government Regulation Number 23 of 2018 (PP 23/2018). This regulation states that entrepreneurs with a certain gross turnover (MSMEs) with a turnover not exceeding IDR 4.8 billion per year are subject to a tariff of 0.5%.
3. Cash	
Cash	43.442.056
4. Supplies	
Supplies	4.920.000
5. Inventory	

LAS KOPI**Notes to Financial Statements**

OCTOBER 31, 2022

	Raw Material	5.955.950
6.	Prepaid Rent	
	Prepaid Rent	4.166.667
7.	Fixed Assets	
	Equipment	34.500.000
	Accumulated Depreciation of Equipment	(15.812.500)
	Building	122.400.000
	Accumulated Depreciation of Building	(22.440.000)
	Total Fixed Assets	188.647.500
8.	Equity	
	Initial capital	154.256.250
	Net profit	27.351.167
	Total	181.607.417
	Private	(4.455.244)
	Final Capital	177.152.173
9.	Income	
	Sales	74.790.000
10.	Cost of Goods Sold	
	Beginning Raw Materials	10.727.000
	Purchase	<u>19.052.750</u>
	Total	29.779.750
	Ending Inventory	(5.955.950)
	Cost of goods sold	23.823.800
11.	Operating Expenses	
	Transportation Expenses	500.000
	Salary Expense	6.500.000
	Electrical Expenses	500.000
	Internet Expenses	669.000
	Cleaning Expenses	50.000
	Supplies Expenses	1,600,000
	Rent expenses	2.083.333
	Renovation Expenses	9.200.000
	Depreciation Expense of Equipment	718.750
	Depreciation Expenses of Building	1.020.000
	Retribution Tax Expenses	400.000
	Total Operating Expenses	23.241.083

Conclusion

Only sales transactions are recorded by Las Kopi. The owner uses Pawoon application to record sales in 2022. However, the application's purpose is to display sales value; it is not concerned with creating financial reports under SAK EMKM. The need for greater accounting knowledge, a lack of time for bookkeeping, and the absence of an employee responsible for preparing financial reports are all challenges. To create financial reports,

researchers go through four stages, identifying initial balances, identifying transactions, accounting procedures, and financial report. The findings reveal that Las Kopi has IDR 177.152.173 in total assets, IDR 0 in total liabilities, IDR 177.152.173 in the total equity, and IDR 27.351.167 profit for October 2022. This study's limitation is a month research period means it cannot describe the real financial situation. Future research can be done with a longer observation time, such as three months, six months, or even a year, to reflect the actual condition of the entities financial condition. To interpret the statistics in the resulting financial reports, future researchers also need to include financial ratio analysis.

COMPETING INTERESTS DISCLAIMER:

Authors have declared that they have no known competing financial interests OR non-financial interests OR personal relationships that could have appeared to influence the work reported in this paper.

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