

CHAPTER II

LITERATURE REVIEW

2.1. Theoretical Review

2.1.1. Micro, Small, and Medium Enterprises

MSMEs are an economic activity carried out by people on a small to medium scale. MSMEs typically have a small amount of assets, local marketing, a small number of employees, and are run by the business owners with their own funds. Government Regulation Number 7 of 2021 on Facilities, Protection and Empowerment for Cooperatives and Micro, Small, and Medium Enterprises defines MSMEs as:

- 1) Micro Enterprises are productive economic enterprises owned by individuals and/or individual business entities.
- 2) Small Enterprises are productive economic enterprises that stand alone, carried out by individuals/business entities that are not subsidiaries or not branches of companies that are owned, controlled, or are part either directly or indirectly of Medium Enterprises or Large Enterprises.
- 3) Medium Enterprises are productive economic businesses that stand alone, carried out by individuals/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 Enterprises.

On the other hand, Government Regulation Number 7 of 2021 also explains that MSMEs are divided into three criterias, such as:

Table 2.1 MSME Criteria

Business Size	Criteria	
	Capital	Annual Sales
Micro Enterprise	≤ 1 Billion Rupiah	≤ 2 Billion Rupiah
Small Enterprise	>1 Billion Rupiah – ≤ 5 Billion Rupiah	> 2 Billion Rupiah – ≤ 15 Billion Rupiah
Medium Enterprise	> 5 Billion Rupiah – ≤ 10 Billion Rupiah	>15 Billion Rupiah – ≤ 50 Billion Rupiah

2.1.2. MSME Accounting

MSME Accounting is a financial recording process carried out by MSMEs, regarding the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM). Accounting enables MSMEs to obtain various important financial information in running their business. Wijaya (2018:22) explained that there are seven pieces of financial information that MSMEs can receive if they practice accounting, namely:

- 1) Company performance
- 2) Tax calculation
- 3) Company fund position
- 4) Change in owner's capital
- 5) Cash receipt and cash disbursement
- 6) Activity planning
- 7) Cost information

In MSMEs, information on financial statements is needed by many parties. For example, MSME owners need accounting information in order to assess the development of paid-up capital. Creditors need accounting information to assess MSMEs' ability to pay off loans and managers who need accounting information to find their work achievements.

2.1.2.1. Basic Accounting Equation

All transactions in MSMEs will be processed systematically by accounting to produce high-quality financial information. According to Wijaya (2018:36), the analysis of accounting transactions is based on the basic accounting equations:

$$\underbrace{\text{Asset} + \text{Cost} + \text{Return on Equity}}_{\text{Use of Funds}} = \underbrace{\text{Liability} + \text{Equity} + \text{Earning}}_{\text{Source of Funds}}$$

The equation above is based on the logic that the assets of MSMEs must come from liability (from banks) and equity. Equity is defined as funding that comes from the owner's deposit as well as from retained earnings. So in conclusion, the total left side monetary consisting of assets, costs, and return on equity are the elements that reflect the types of use of funds in MSMEs. Meanwhile, the total on

the right side monetary is the element that reflects the sources of fund acquisition in MSMEs.

Therefore, any financial transaction will change at least one element of the basic accounting equation, with the provision that the balance between the left and right side monetary totals must be maintained or equal. Because if the total use of funds is greater than the total source of funds, there must certainly have been an error because there are funds for the source of it is unknown and vice versa. If the total use of funds is smaller, it can be concluded that there are funds that haven't been accounted for.

2.1.2.2. General Themed Accounting Principle (PABU)

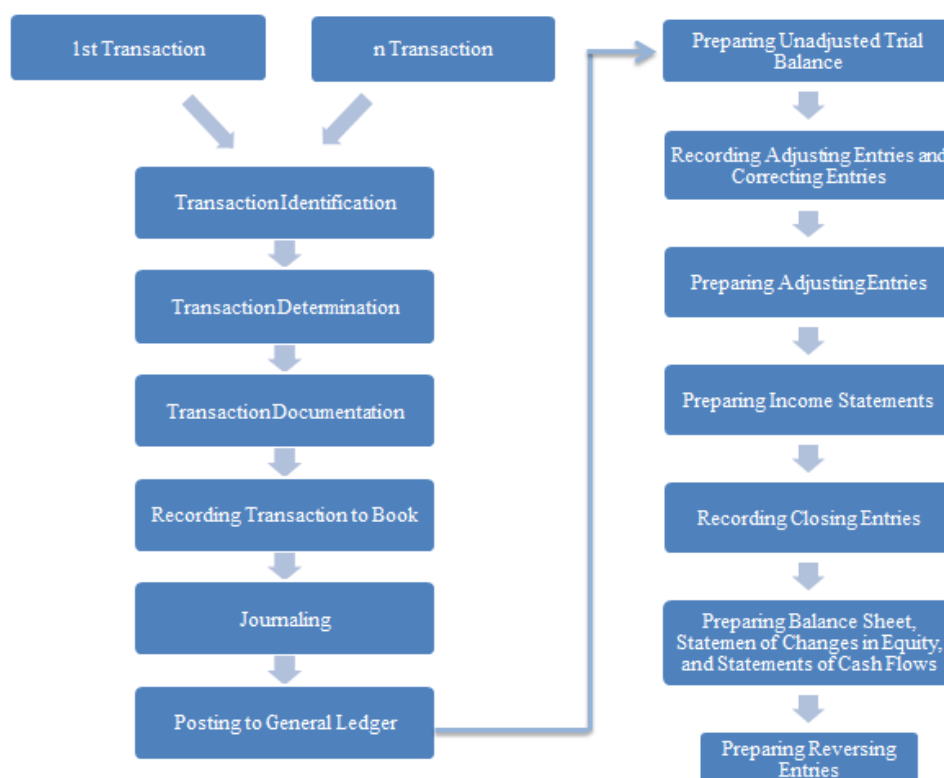
Accounting as a business language is based on several principles. In Indonesia, the principle is called the General Themed Accounting Principle (PABU). One of the PABUs in Indonesia is the economic entity concept. In this concept, MSMEs are seen as separate entities from business owners. Based on the economic entity concept, accounting presents a big picture of MSMEs as entities that stand by themselves and are not mixed with the owners. In addition, all transactions that occur must be recorded from MSMEs' point of view.

As a stand-alone entity, MSMEs conduct transactions with various parties. In running its business, there are at least six external parties related to various transactions on MSMEs. It consists of creditors, counterparties, governments, buyers, owners, and employees. The owner is included because they can deposit funds. Thus, the funds deposited by its owner become business assets that are separate from the owner.

2.1.2.3. Accounting Cycle

MSMEs require information about business activities and financial position over a period of time as an evaluation and as a form of accountability. PABU divides the age of MSMEs into several periods in preparing financial statements. One accounting period is generally a calendar year that begins on January 1 and ends on December 31. Meanwhile, some MSMEs are used from June 1 to May 31. One accounting period is usually referred to as an accounting cycle.

According to Wijaya (2018:63), the accounting cycle is divided into two periods: the accounting subcycle during the current period and the accounting subcycle at the end of the period. The accounting subcycle during the current period consists of transaction identification, transaction determination, transaction documentation, recording transaction to book, journaling, and preparing the general ledger. While accounting subcycle at the end of the period consists of preparing unadjusted trial balance, recording adjustment entries and correcting entries, preparing adjustment entries, preparing income statements, recording closing entries, preparing balance sheets, statements of changes in equity, and statements of cash flows, as well as preparing to reverse entries.



Source: Wijaya (2018:34)

Figure 2.1 Accounting Cycle

2.1.3. Financial Statements

According to IAI (2018) in the Statement of Indonesian Accounting Standards (PSAK) Number 1, the financial statement is the definition of a report on a business's financial situation and financial performance that is presented in an

organized way. Financial statements result from several procedures for recording and compiling information on business transactions. (Hery, 2015:18). Therefore, it can be concluded that financial statements are a summary of the financial condition and changes in the financial position of an entity over a specific period, which can provide all the information necessary to understand the company's finances.

The general objective of financial statements is to offer information about companies' financial position, financial performance, and cash flow. This information is considered beneficial for most users of financial statements in the context of making business decisions.

According to SAK (2018), financial statements have qualitative characteristics of information that can make helpful financial information. Such characteristics are distinguished into two, as follows:

a) Fundamental Qualitative Characteristics, consisting of:

1) Relevance

Information from financial statements is considered relevant if it has the potential to change the choices made by users. If such information has affirmative or predictive values, it may influence decisions. Future outcomes can be predicted using financial data that has predictive value. Meanwhile, information that has a confirmatory value can be used to provide feedback on previous evaluations

2) Materiality

Information in financial statements is called materiality if recording errors or omissions in listing information can impact the users' ability to make economic decisions based on the financial information provided by the reporting organization.

3) Accurate Representation

If financial information accurately and relevantly represents the events that occur, it is considered valuable. However, there are some characteristics that financial information must contain in order to

accurately describe the phenomenon, including complete, unbiased, and error-free.

b) Qualitative Characteristics of Enhancers, consisting of:

1) Comparability

Comparability is one of the qualitative characteristics of the enhancer that might enable the user to recognize and comprehend the similarities and differences between the postings. Users have a variety of options when making decisions, therefore data about entities is seen as more valuable if it can be compared to data about comparable entities and to data about similar entities with different times and dates.

2) Verifiability

Verifiability increases users' confidence that the entity's information accurately reflects economic events. Verifiability can be understood as bringing various independent observers with varying information to a consensus, although occasionally reaching an agreement, that the representation of the occurrence is already well portrayed.

3) Timeliness

In order to be considered appropriate, financial information must be delivered by the entity on time. Timeliness is considered essential for users of the report. This is because the longer the information is delivered, the less the value of using the information will be for the basis of decision-making.

4) Understandability

Some economic phenomena are difficult to understand. However, if the reporting entity classifies, characterizes, and presents information clearly, it can make financial information easy to understand.

2.1.4. Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM)

Financial accounting standards are concepts, methods, and techniques that are selected based on a conceptual framework by the standards compiling body or

authorized parties to be enforced in an environment or country and are stated in the form of official documents in order to achieve these financial reporting goals (Suwardjono, 2008 in Uno, Kalangi, & Pusung, 2019). To provide consistency in the creation of financial statements, SAK is considered immensely important to implement.

In Indonesia, applicable accounting standards and principles are prepared, issued, and ratified by the Indonesian Accounting Association (IAI). Until now, IAI has enacted several financial accounting standards whose use is aimed at a wide variety of entities. The accounting standards in Indonesia include General SAK, Private Entity SAK (EP), SAK ETAP, SAK Syariah, and SAK EMKM.

SAK EMKM is a standard for use by micro, small, and medium entities. The definition of EMKM listed in SAK EMKM chapter 1, paragraph 2 is an entity without significant public accountability, as defined in SAK ETAP, which meets the definition and criteria as a micro, small, and medium enterprise that has also been regulated in the applicable legislation in Indonesia, at least for two consecutive years. However, this standard can also be used by entities that do not meet the criterias mentioned above as long as the authority permits the entity to prepare financial statements based on SAK EMKM.

SAK EMKM itself was ratified by DSAK IAI on October 24, 2016, and became effective on January 1, 2018, and is a simplification of SAK ETAP, which DSAK IAI previously authorized in 2009. The issuance of SAK EMKM aims to design a simpler accounting system to make it easier for business owners to prepare its financial statements in accordance with applicable standards.

Because SAK EMKM covers and governs transactions that MSMEs typically conduct, it is thought to be easier to implement when preparing financial statements. Additionally, historical expenses serve as the basis for the measurement, allowing business owners to record their liabilities and assets as much as the acquisition cost. It is hoped that SAM EMKM's ratification will make it easier for Indonesia's MSME actors to prepare financial statements, increasing their chances of accessing capital loans.

2.1.5. MSME Financial Statements based on SAK EMKM

IAI (2016:8) in SAK EMKM states that there are three components so that financial statements can be complete, namely:

2.1.5.1. Statement of Financial Position

A financial position statement is a report that provides information related to assets, liabilities, and equity owned by a business on a specific date. The elements contained in the report can be defined as follows:

- 1) Assets are resources that an entity controls or owns due to previous events, where the resource is expected to bring that entity future financial benefits.
- 2) Liabilities are present-day liabilities borne by an entity due to past events whose settlement results in an outflow of resources owned by the entity.
- 3) Equity is a residual right to an entity's assets after deducting all liabilities it bears.

In SAK EMKM chapter 4, paragraph 2, it is explained that the financial position report includes the following posts:

1) Cash and Cash Equivalents

Cash and cash equivalents are cash plus short-term investment instruments so that this post is liquid or can be cashed out quickly with minimal risk of value changes, as for what is included in the cash, all payment instruments can be disbursed promptly, such as banknotes, coins, as well as current account balances at banks.

2) Receivables

Receivables are current assets arising from the sale of goods or services to consumers in the form of credit with an agreement that consumers will pay the credit at a predetermined time,

3) Inventory

Inventory is a number of goods owned and stored by a company that are used for the production or sales process. Inventory can be the inventory of raw goods, semi-finished inventory, and inventory of finished goods.

4) Fixed Assets

Fixed assets are fix or permanent tangible assets owned by the company to be used in the company's operating activities, for rent, for administrative purposes, and so on.

5) Accounts Payable

Accounts payable are part of the company's current obligations arising from purchasing goods or services from suppliers on credit to fulfill the company's operational activities.

6) Bank Debt

Bank debt is an obligation arising from borrowing funds made by the company to the bank. With bank debt, the company must pay interest on the debt during the current debt period.

7) Equity

Equity is the owner's right to the company's assets or net worth obtained after deducting the obligations or various expenses that the company must incur.

Table 2.2 Statement of Financial Position

ENTITAS			
LAPORAN POSISI KEUANGAN			
31 DESEMBER 20x8			
ASET	Catatan	20x8	20x7
Kas dan setara kas			
Kas	3	xxx	xxx
Giro	4	xxx	xxx
Deposito	5	xxx	xxx
<i>Jumlah kas dan setara kas</i>		xxx	xxx
Piutang usaha			
Persediaan	6	xxx	xxx
Beban dibayar di muka	7	xxx	xxx
Aset tetap			
Akumulasi Penyusutan		(xx)	(xx)
JUMLAH ASET		xxx	xxx
LIABILITAS			
Utang usaha			
Utang bank	8	xxx	xxx
JUMLAH LIABILITAS		xxx	xxx
EKUITAS			
Modal			
Saldo laba (defisit)	9	xxx	xxx
JUMLAH EKUITAS		xxx	xxx
JUMLAH LIABILITAS & EKUITAS		xxx	xxx

Source: SAK EMKM (2016:50)

SAK EMKM does not regulate the format or order of the posts presented in the financial position report. However, an entity can present the posts of assets in order of liquidity. On the other hand, the post of liabilities can be presented by the maturity date. According to IAI (2016:9) in SAK EMKM, the entity classifies its

accounts and portions of its accounts in the statement of financial position at the end of the period with the following classification:

- 1) Entities can present both current and non-current assets as well as short-term liabilities and long-term liabilities separately
- 2) An entity may classify an asset as a current asset if the asset is expected to be realized or owned for use or trading within one cycle of the accounting period or 12 months after the end of the reporting period.
- 3) An entity may classify an asset as current assets if they are cash or cash equivalents unless they are restricted from the exchange or utilized to fulfill obligations for at least 12 months after the end of the reporting period.
- 4) An entity may classify liabilities as short-term liabilities if they are expected to be completed within a period of one normal cycle of the company's operations and are tradable.
- 5) Liabilities are classified as short-term liabilities if the entity does not have the unconditional right to postpone the settlement of such liabilities at least 12 months after the end of the reporting period.

In addition, IAI (2016:29) in SAK EMKM stated the equity classification as occurring when the capital or funds deposited by the owner or investor are in the form of cash, cash equivalents, or non-cash assets and are subsequently recorded in compliance with applicable legislation.

2.1.5.2. Income Statement

An income statement is a report that summarizes the company's capacity to generate a profit during a specific period. IAI (2016:11) in SAK EMKM explained that, unless SAK EMKM specifies otherwise, all posts related to revenue and expenses are listed in a period in the income statement. The following posts are included in the income statement:

- 1) Income

Income is the sum of money or income an entity earn from selling products or services to customers over a specific period.

2) Financial expense

Financial expenses are a decrease in economic value in the form of cash outflows or asset depreciation that arise from the company's financial functions.

3) Tax expense

Tax expense is the total of all current and deferred taxes, which are then considered for determining accounting profit and loss for one current period.

Table 2.3 Income Statement

ENTITAS LAPORAN LABA RUGI UNTUK TAHUN YANG BERAKHIR 31 DESEMBER 20x8			
PENDAPATAN	Catatan	20x8	20x7
Pendapatan usaha	10	xxx	xxx
Pendapatan lain-lain		xxx	xxx
JUMLAH PENDAPATAN		xxx	xxx
BEBAN			
Beban usaha		xxx	xxx
Beban lain-lain	11	xxx	xxx
JUMLAH BEBAN		xxx	xxx
LABA (RUGI) SEBELUM PAJAK PENGHASILAN		xxx	xxx
Beban pajak penghasilan	12	xxx	xxx
LABA (RUGI) SETELAH PAJAK PENGHASILAN		xxx	xxx

Source: SAK EMKM (2016:51)

2.1.5.3. Notes to the Financial Statement

IAI (2016:13) in SAK EMKM explains that the notes to the financial statements are a component that contains a report that the financial statements have been prepared based on SAK EMKM, which includes information on the overview of accounting policies as well as additional information and details of particular posts to explain significant and material transactions. So that its users can utilize this information to understand better other information that is not included in the income statement and statement of financial position. The types of additional information and details included in the notes to these financial statements depend on the activity carried out by the business itself.

Table 2.4 Notes to the Financial Statement

ENTITAS CATATAN ATAS LAPORAN KEUANGAN 31 DESEMBER 20x8	
1.	<p>UMUM</p> <p>Entitas didirikan di Jakarta berdasarkan akta Nomor xx tanggal 1 Januari 20x7 yang dibuat dihadapan Notaris, S.H., notaris di Jakarta dan mendapatkan persetujuan dari Menteri Hukum dan Hak Asasi Manusia No.xx 2016 tanggal 31 Januari 2016. Entitas bergerak dalam bidang usaha manufaktur. Entitas memenuhi kriteria sebagai entitas mikro, kecil, dan menengah sesuai UU Nomor 20 Tahun 2008. Entitas berdomisili di Jalan xxx, Jakarta Utara.</p>
2.	<p>IKHTISAR KEBIJAKAN AKUNTANSI PENTING</p> <p>a. Pernyataan Kepatuhan</p> <p>Laporan keuangan disusun menggunakan Standar Akuntansi Keuangan Entitas Mikro, Kecil, dan Menengah.</p> <p>b. Dasar Penyusunan</p> <p>Dasar penyusunan laporan keuangan adalah biaya historis dan menggunakan asumsi dasar akrual. Mata uang penyajian yang digunakan untuk penyusunan laporan keuangan adalah Rupiah.</p> <p>c. Piutang usaha</p> <p>Piutang usaha disajikan sebesar jumlah tagihan.</p> <p>d. Persediaan</p> <p>Biaya persediaan bahan baku meliputi biaya pembelian dan biaya angkut pembelian. Biaya konversi meliputi biaya tenaga kerja langsung dan <i>overhead</i>. <i>Overhead</i> tetap dialokasikan ke biaya konversi berdasarkan kapasitas produksi normal. <i>Overhead</i> variabel dialokasikan pada unit produksi berdasarkan penggunaan aktual fasilitas produksi. Entitas menggunakan rumus biaya persediaan rata-rata.</p> <p>e. Aset Tetap</p> <p>Aset tetap dicatat sebesar biaya perolehannya jika aset tersebut dimiliki secara hukum oleh entitas. Aset tetap disusutkan menggunakan metode garis lurus tanpa nilai residu.</p>

ENTITAS		
CATATAN ATAS LAPORAN KEUANGAN		
31 DESEMBER 20x8 DAN 20x7		
f. Pengakuan Pendapatan dan Beban		
Pendapatan penjualan diakui ketika tagihan diterbitkan atau pengiriman dilakukan kepada pelanggan. Beban diakui saat terjadi.		
g. Pajak Penghasilan		
Pajak penghasilan mengikuti ketentuan perpajakan yang berlaku di Indonesia.		
3. KAS		
	<u>20x8</u>	<u>20x7</u>
Kas kecil Jakarta – Rupiah	xxx	xxx
4. GIRO		
	<u>20x8</u>	<u>20x7</u>
PT Bank xxx – Rupiah	xxx	xxx
5. DEPOSITO		
	<u>20x8</u>	<u>20x7</u>
PT Bank xxx – Rupiah	xxx	xxx
Suku Bunga – Rupiah	4,50%	5,00%
6. PIUTANG USAHA		
	<u>20x8</u>	<u>20x7</u>
Toko A	xxx	xxx
Toko B	<u>xxx</u>	<u>xxx</u>
Jumlah	xxx	xxx

ENTITAS		
CATATAN ATAS LAPORAN KEUANGAN		
31 DESEMBER 20x8 DAN 20x7		
7.	BEBAN DIBAYAR DI MUKA	
		<u>20x8</u> <u>20x7</u>
	Sewa	xxx xxx
	Asuransi	xxx xxx
	Lisensi dan perizinan	xxx xxx
	Jumlah	xxx xxx
8.	UTANG BANK	
	Pada tanggal 4 Maret 20x8, Entitas memperoleh pinjaman Kredit Modal Kerja (KMK) dari PT Bank ABC dengan maksimum kredit Rpxxx, suku bunga efektif 11% per tahun dengan jatuh tempo berakhir tanggal 19 April 20X8. Pinjaman dijamin dengan persediaan dan sebidang tanah milik entitas.	
9.	SALDO LABA	
	Saldo laba merupakan akumulasi selisih penghasilan dan beban, setelah dikurangkan dengan distribusi kepada pemilik.	
10.	PENDAPATAN PENJUALAN	
		<u>20x8</u> <u>20x7</u>
	Penjualan	xxx xxx
	Retur penjualan	xxx xxx
	Jumlah	xxx xxx
11.	BEBAN LAIN-LAIN	
		<u>20x8</u> <u>20x7</u>
	Bunga pinjaman	xxx xxx
	Lain-lain	xxx xxx
	Jumlah	xxx xxx
12.	BEBAN PAJAK PENGHASILAN	
		<u>20x8</u> <u>20x7</u>
	Pajak penghasilan	xxx xxx

Source: SAK EMKM (2016:52)

2.1.6. Recognition, Measurement, and Presentation in Financial Statements

In SAK EMKM chapter 2, paragraph 12, defines the recognition of elements of financial statements as the process of forming a post that meets the definition of assets, liabilities, equity, income, or expenses. The post must also fulfill the following two requirements: the post's economic advantages must be able to be

ensured to flow into or out of the entity, and the post costs must be accurately quantified.

Measurement is the process of determining the amount of money to recognize an account in the financial statements. A fair presentation in SAK EMKM must be truthful with the impact of events, transactions, and other circumstances in accordance with the standards for classifying assets, liabilities, income, and expenses.

2.1.6.1. Asset, Liability, and Equity

In SAK EMKM, asset recognition in financial statements is when they have future economic benefits that are certain to flow into the entity and have costs that can be measured reliably. Liabilities are, however, recognized when resources with economic advantages are utilized to pay for current obligations and the number of obligations to be completed can be reliably measured.

Liabilities and assets are valued according to their acquisition costs, which are determined by the transaction price. On the financial position statement, liabilities are shown in the group presented "liabilities," whereas financial assets are presented in the group labeled "assets." Additionally, equity is presented in the equity section of the statement of financial position as share capital, additional paid-up capital, and retained earnings.

2.1.6.2. Inventory

According to SAK EMKM, the entity records inventory when purchased in the amount of the transaction's cost, where the transaction cost includes the purchase price, conversion cost, and other expenses. First in, first out (FIFO) is a formula for measuring inventory costs, however, a weighted average can also be used. Inventory is presented in the group of assets on the statement of financial position.

2.1.6.3. Investing in Joint Ventures

The entity does not recognize investments made in joint ventures when their value decreases. Investments in joint ventures are determined based on their acquisition costs. Investments in joint ventures are presented in the statement of financial position as an asset.

2.1.6.4. Fixed Asset

An entity recognizes a fixed asset if it may generate economic benefits that flow into or out of the entity and its expenses can be accurately estimated. Fixed assets can be reported if the entity is legally entitled to acquire them and are recorded based on their acquisition cost. At the same time, land and buildings can be recorded separately as fixed assets, even though they are bought simultaneously.

The entity measures all fixed assets, except land, after initial recognition at the cost of acquisition reduced by accumulated depreciation. Fixed assets are presented in the group of fixed assets on the statement of financial position.

2.1.6.5. Intangible Asset

When entities recognize intangible assets, i.e., when they can be ensured to provide future economic benefits, the cost of their acquisition can be reliably measured. The acquisition cost is decreased by accumulated amortization when valuing intangible assets. Intangible assets are presented in the group of assets on the statement of financial position

2.1.6.6. Revenue and Expense

An entity recognizes income if there is a right to payments received or accrued in the present or future. Revenue can be recognized from selling goods or providing its services to consumers. Meanwhile, the expense is recognized when there is a decrease in future economic benefits caused by a decrease in assets or an increase in liabilities and the decrease can be reliably measured.

2.1.6.7. Income Tax

The entity recognizes income tax as assets and liabilities by following the applicable tax regulations. But for deferred taxes will not be recognized by the entity.

2.2. Empirical Review

Research conducted by Amani (2019) focuses on implementing SAK EMKM on the financial statements of UD Dua Putri Solehah Probolinggo and what obstacles are faced in preparing financial statements based on SAK EMKM. The results showed that the object of study had not applied SAK EMKM to its financial statements. This is due to the low quality of human resources owned, lack of knowledge about information technology, and lack of awareness of business owners about the importance of preparing financial statements based on SAK EMKM.

The research conducted by Purba (2019) focuses on the process of preparing MSME financial statements in Batam based on the SAK EMKM and the obstacles faced during the process of preparing the financial statements. The results showed that the majority of MSMEs in Batam have not implemented SAK EMKM in preparing financial statements. Some of these constraint factors are the lack of information about SAK EMKM, financial management that is still run by business owners, and limited time they have to manage finances with many business activities.

The research conducted by Putra (2018) focuses on the perception of MSME owners in South Tangerang on the importance of understanding SAK EMKM, the implementation of SAK EMKM in preparing financial statements, as well as the constraints faced in preparing financial statements based on SAK EMKM. The results showed that 74.6% of MSME owners in Tangerang Selatan realized the importance of understanding SAK EMKM. The majority of MSMEs (80.4%) in Tangerang Selatan have not implemented SAK EMKM in preparing financial statements. The constraints faced are related to the age of the business owner,

educational background, poor quality human resources, the number of transactions that occur, and the lack of socialization about SAK EMKM.

Table 2.5 Empirical Review

No	Authors (Year)	Research Problems	Research Method	Research Results
1	Amani (2018)	<ul style="list-style-type: none"> - How is the implementation of SAK EMKM in the financial statements of UD Dua Putri Solehah Probolinggo? - What obstacles UD Dua Putri Solehah Probolinggo faced so that SAK EMKM hasn't been implemented in the financial statements? 	<ul style="list-style-type: none"> - Qualitative research with case study approach - The object of this research is UD Dua Putri Solehah Probolinggo engaged in the culinary business 	<p>The result shows that this business has not implemented SAK EMKM in its financial statements. This is due to the poor quality of the human resource, the incomplete knowledge about information technology, and the unawareness regarding how important financial statement is.</p>
2	Prajanto & Septriana (2018)	<ul style="list-style-type: none"> - Does the level of education affect the business owners' perception regarding the importance of preparing financial statements based on SAK EMKM? - Does educational background affect the business owners' perception regarding the importance of preparing financial statements based on SAK EMKM? - Does business size affect the owners' 	<ul style="list-style-type: none"> - Quantitative research with case study approach - The object of this research is 40 MSMEs in Semarang - Data collection methods used are questioner and interview 	<p>The results showed that there are not a few MSME owners in Semarang who do not understand the use of SAK EMKM. Variables of educational background, level of education, business size, and business age do not affect the owner's perception of the importance of preparing financial statements based on SAK EMKM</p>

		<p>perception of the importance of preparing financial statements based on SAK EMKM?</p> <ul style="list-style-type: none"> - Does business age affect the business owners' perception regarding the importance of preparing financial statements based on SAK EMKM? 		
3	Putra (2018)	<ul style="list-style-type: none"> - What is the perception of MSMEs owners in Tangerang Selatan regarding the importance of understanding SAK EMKM? - Does MSMEs in Tangerang Selatan prepare their financial statements based on SAK EMKM? - What obstacles are MSMEs in Tangerang Selatan facing so they have not implemented SAK EMKM in the financial statements? 	<ul style="list-style-type: none"> - Qualitative research with descriptive and phenomenology study - This research uses purposive judgment sampling, with the total sample is 911 MSMEs - The data collection method used is questionnaire and literature study 	<p>The results show that: 1) 74,6% of MSMEs in Tangerang Selatan are aware of the importance of understanding SAK EMKM; 2) 80,4% of MSMEs in Tangerang Selatan have not implemented SAK EMKM in the financial statements; 3) The obstacles they are facing are regarding owners' age, educational background, poor human resource, the amount of transactions occurred, and the lack of socialization about SAK EMKM</p>
4	Purba (2019)	<ul style="list-style-type: none"> - How is the process of financial statement recording in MSMEs in Kelurahan Tanjung Riau Kecamatan Sekupang Kota 	<ul style="list-style-type: none"> - Qualitative research with case study approach - The object of this research are several MSMEs in 	<p>The result shows that the majority of MSMEs in Batam have not implemented SAK EMKM in their financial statements. The reasons are the</p>

		<p>Batam?</p> <ul style="list-style-type: none"> - Have MSMEs in Kelurahan Tanjung Riau Kecamatan Sekupang Kota Batam implemented SAK EMKM in the financial statements? - What obstacles MSMEs in Kelurahan Tanjung Ria Kecamatan Sekupang Kota Batam faced so that SAK EMKM haven't been implemented in the financial statements? 	<p>Batam</p> <ul style="list-style-type: none"> - This research use quota sampling in determining the object - The data collection method used is interview and documentation 	<p>incomplete information about SAK EMKM, the owner's financial management, and the limited time in business financial management.</p>
5	Kirowati & Amir (2019)	<ul style="list-style-type: none"> - How is the implementation of SAK EMKM in the preparation of financial statements in the 4.0 era for MSMEs in Madiun - How do MSMEs owners understand about LAMIKRO application? 	<ul style="list-style-type: none"> - Qualitative descriptive research with case study approach - The object of this research is 7 MSMEs in Madiun - The data collection method used is interview 	<p>The results of this study show that most MSMEs in Madiun still have not implemented SAK EMKM in preparing their financial statements. They still do not know the application developed by the Ministry of Cooperatives and SMEs, namely LAMIKRO, to make creating a simple financial report system easier.</p>
6	Oktavia & Sunrowi yati (2019)	<ul style="list-style-type: none"> - How is the implementation of SAK ETAP in the financial statements of UD. Karya Tunggal? - What obstacles 	<ul style="list-style-type: none"> - Qualitative research with case study approach - The object of this study is UD. Karya 	<p>The results show that UD. Karya Tunggal have not implemented SAK ETAP in their financial statement. This is due to the</p>

		are they facing so that they have not implemented SAK ETAP in the financial statements?	Tunggal engaged in the manufacturing industry - The data collection method used are interview, observation, and documentation.	lack of knowledge regarding SAK ETAP and the unawareness of the importance of preparing financial statements based on sak ETAP.
7	Wahyuni, Probowulan, & Murwanti (2020)	- How is the implementation of SAK EMKM in the financial statements of CV. Teras Jaya?	- Qualitative research with case study approach - The object of this research is CV Teras Jaya engaged in the building and construction material industry - The data collection method used are interview, observation, and documentation	The results showed that CV. Teras Jaya still has not implemented SAK EMKM because the preparation of financial statements is carried out simply, and daily bookkeeping is only in the form of cash receipt and cash disbursement

Source: Data processed by the researcher (2022)

From previous research that have been described above, it can be seen that there are similarities and differences between previous studies and this research. The similarity is to use qualitative methods with a case study approach and research focus on implementing SAK EMKM to MSME financial statements. While the difference that can be seen is the method used by the researcher is qualitative, while the previous research used quantitative methods. In addition, the approach used by the previous research was a descriptive and phenomenological study, while this research uses a case study approach. The next difference is in the focus of research and financial accounting standards used as guidelines.

2.3. Conceptual Framework

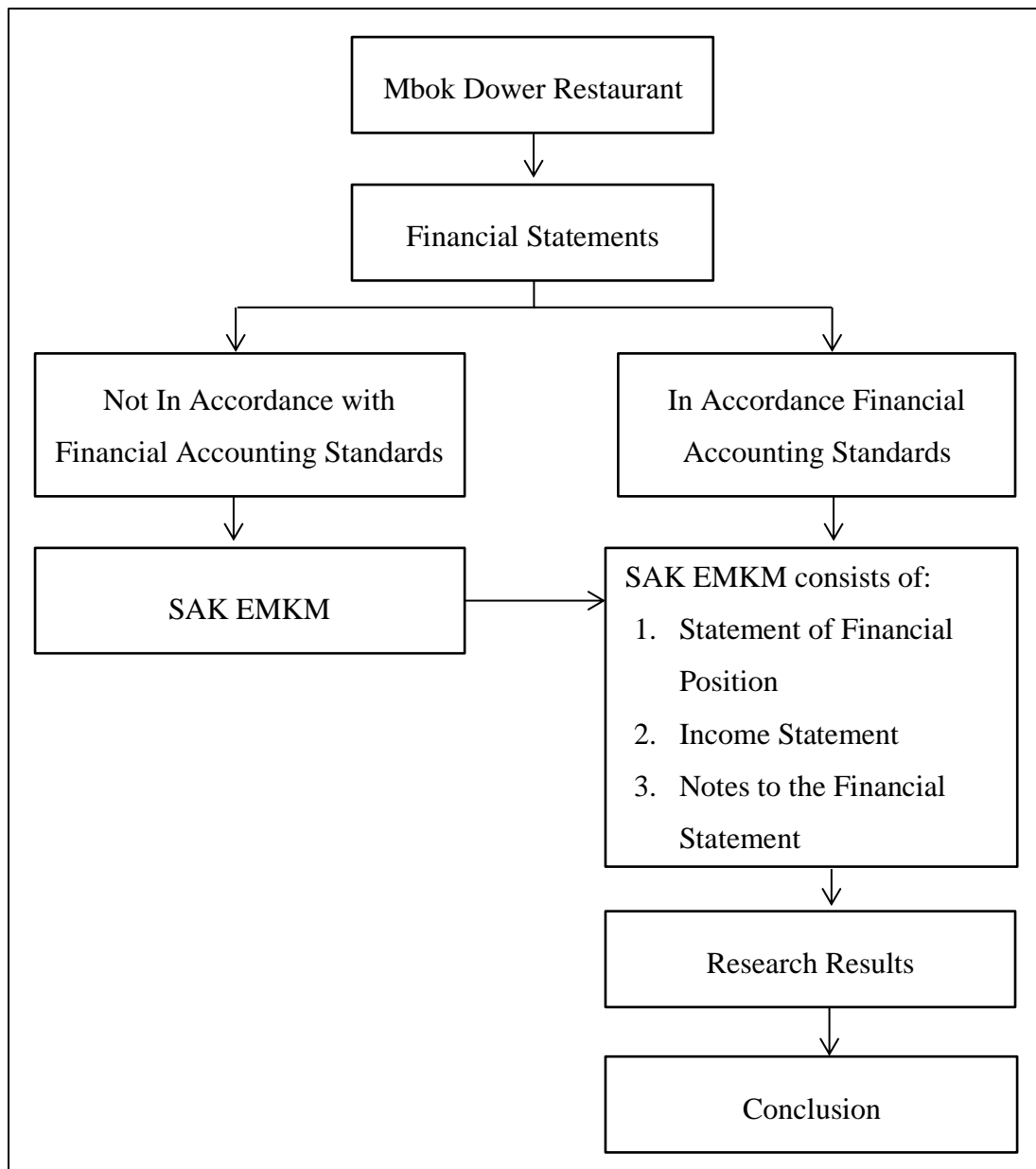


Figure 2.2 Conceptual Framework

Based on the conceptual framework above, the researcher determines the object of the study, namely the Mbok Dower Restaurant. After that, the researcher defines the topic of problems with MSMEs related to their financial statements, whether the Mbok Dower Restaurant has prepared financial statements in accordance with applicable standards or not. Then the researcher will make a financial statement design that is in accordance with SAK, namely SAK EMKM.

The components included in the SAK EMKM are the Statement of Financial Position, Income Statement, and Notes to the Financial Statement. So that this research will produce financial reports in accordance with SAK EMKM, which Mbok Dower Restaurant can later use as a reference in preparing financial statements in accordance with the standards for the next period.