

CHAPTER I

INTRODUCTION

1.1 Background

One of the efforts to improve the welfare of the community is by taking entrepreneurs, through the entrepreneur, people become self-sufficient and able to take advantage of opportunities created, essentially, a business was set to achieve a certain goal. Small and Medium Enterprises (SMEs) is one of the driving industry of the Indonesian economy, especially in the aspect of performance improvement, income generation, and economic development. During the global economic crisis in 1997, SMEs are able to survive compared with other large enterprises, it is the evidence that SMEs are able to drive economic growth rate. (SMEs Department, 2007).

In dealing with the Asean Economic Community in 2015, as a form of integration, SMEs in Indonesia should be able to support the nation's competitiveness, economic growth, and improvement of living standards of the population of Indonesia. Therefore, SMEs in Indonesia should be able to compete and be able to grab the opportunities that exist to keep engaged in the nation's economy. However, in running out the business activities, SME managers often have difficulties to keep records of what happened to their business operations (Hidayat, 2008). The difficulties are concerning the activities and assessment of the results achieved by each business. SME managers records is done simply by

calculating the difference between income and outcome, regardless whether the money for the allocation of the business or non-business activities or not.

A business, whether large or small businesses, requires a system that can measure the progress a business called financial statements. Financial statement aims to provide important information such as financial position, performance, and all the information needed by the users in order to make economic decisions (Michell Suherli 2006: 10), although in fact that there are many small and medium enterprises (SMEs) who have not made their own financial statement due to the difficulties in the recording of what is happening related to Small and Medium Enterprises (SMEs), this is due to lack of education and lack of knowledge of the SMEs in the field of accounting. Normally, bookkeeping in Small and Medium Enterprises (SMEs) carried out by simple ways and not detailed. This is the main problem for Small and Medium Enterprises (SMEs) to access bank loans.

Considering the importance of the financial statements, the Indonesian Accountants Institute (IAI) has issued general statements that regulates financial reporting or commonly called the generally accepted Accounting principles (GAAP). GAAP is a guide of accounting procedures which contains regulations on treatment, recording, preparation and presentation of financial statements prepared by the IAI institutions based on ongoing conditions agreed upon and have been approved by the agency or official institutes. GAAP intended for entities that have a significant public responsibility entities that do a lot of cross-border activity, means that the entities have to publish the financial statements to the external users, but the fact, this GAAP used only in large-scale enterprises,

this is because the GAAP is complicated to understand and apply to the majority of the small and medium enterprises (SMEs) in Indonesia.

Indonesian Accountants Institute (IAI) has issued Financial Accounting Standards of Entities Without Public Accountability (SAK ETAP) in 2009 and became effective in 2011. SAK ETAP published by the aim to implement on the entities without public accountability. In some cases, SAK ETAP gives many conveniences for an entity compared with GAAP with more complex reporting requirements. According to the scope of SAK ETAP, this standard is intended to be used by the entities without public accountability. Entities without public accountability is the entity that does not have significant public accountability, and do not publish financial statements for external users.

Anwar's stalls rental is a business that has long been running its operational activities, but the limitations of knowledge about financial management and inadequate human resources in preparing the financial statements make the owner of the company is not managing the business properly and according to prevailing standards, thereby, the company's operations are not well controlled . The financial statements of Anwar's stalls rental SMEs only the financial statements consist of cash in and cash out. financial statements by stating elements of cash in and cash out is not a proper financial statements based SAK ETAP. The financial statements of Anwar's stalls rental SMEs are in the following table :

Table 1.1

Table of Financial Statements of Anwar's Stalls Rental SMEs in The End of Year 2013

INFORMATION	Debit	Credit	BALANCE
Cash , December 31, 2012			Rp 90,000,000
Cash, January 1, 2013			Rp 90,000,000
Transaction entries :			
January 11, 2013	5,000,000		Rp 95,000,000
January 15, 2013		5,000,000	Rp 90,000,000
January 15, 2013		500,000	Rp 89,500,000
January 20, 2013		150,000	Rp 89,350,000
February 13, 2013	5,000,000		Rp 94,350,000
February 13, 2013		500,000	Rp 93,850,000
February 21, 2013		150,000	Rp 93,700,000
March 13, 2013	14,000,000		Rp 107,700,000
March 21, 2013	10,000,000		Rp 117,700,000
March 17, 2013		500,000	Rp 117,200,000
March 18, 2013		150,000	Rp 117,050,000
April 5, 2013	5,000,000		Rp 122,050,000
April 7, 2013	5,000,000		Rp 127,050,000
April 10, 2013		500,000	Rp 126,550,000
April 14, 2013	5,000,000		Rp 131,550,000
April 22, 2013		150,000	Rp 131,400,000
May 9, 2013	7,000,000		Rp 138,400,000
May 16, 2013		500,000	Rp 137,900,000
May 20, 2013		150,000	Rp 137,750,000
June 10, 2013		500,000	Rp 137,250,000
June 13, 2013	13.000.000		Rp 150,250,000
June 25, 2013		150,000	Rp 150,100,000
July 3, 2013		500,000	Rp 149,600,000
July 10, 2013	5,000,000		Rp 154,600,000
July 17, 2013	6,000,000		Rp 160,600,000
July 20, 2013		150,000	Rp 160,450,000
July 24, 2013	700,000		Rp 161,150,000
August 5, 2013		500,000	Rp 160,650,000
August 9, 2013	6,000,000		Rp 166,650,000
August 12, 2013	5,000,000		Rp 171,650,000
August 16, 2013	700,000		Rp 172,350,000
August 28, 2013		150,000	Rp 172,200,000
September 2, 2013		500,000	Rp 171,700,000

September 5, 2013		17,000,000	Rp 154,700,000
September 10, 2013	5,000,000		Rp 159,700,000
September 13, 2013	700,000		Rp 160,400,000
September 26, 2013		150,000	Rp 160,250,000
October 10, 2013	5,000,000		Rp 165,250,000
October 16, 2013	700,000		Rp 165,950,000
October 20, 2013		500,000	Rp 165,450,000
October 24, 2013		150,000	Rp 165,300,000
November 5, 2013		5,000,000	Rp 160,300,000
November 9, 2013		500,000	Rp 159,800,000
November 15, 2013	700,000		Rp 160,500,000
November 27, 2013	35,000,000		Rp 195,500,000
November 29, 2013		150,000	Rp 195,350,000
December 5, 2013		2,000,000	Rp 193,350,000
December 16, 2013	700,000		Rp 194,050,000
December 17, 2013		500,000	Rp 193,550,000
December 20, 2013		150,000	Rp 193,400,000
	Rp 140,200,000	Rp 36,800,000	Rp 193,400,000

Source : Anwar's stalls rental SMEs, 2013

Through the presence of financial statements of SMEs above, researchers have created a desire to try to apply the preparation of financial statements in the SMEs based on SAK ETAP. This financial report is expected in order to SME owner can evaluate its operations and can use the information in the financial statements as a basis for making business decisions.

The next step to do the entrepreneur is to conduct and apply the preparation of financial statements oriented to the accounting. It is necessary done in running a business, so there will be a financial balance in each section as well as the entire business activities. Step that can be taken by entrepreneurs is how to generate a business as efficiently and effectively as possible, so it can be achieve optimal benefits. Through the development of the business, requires SMEs to provide better financial statements in accordance with applicable standards.

Likewise, experienced by Anwar's stalls rental business, the one of SMEs engaged in the service need to implement the steps above to be able to improve and expand its business in achieving its intended purpose.

Anwar's stalls rental SMEs is an entity that does not publish general purpose financial statements for external users, is a characteristics of the entity that uses financial accounting standards without public accountability. With SAK ETAP, small-scale enterprises such as Anwar's stalls rental SMEs will get the ease of preparing financial and cost efficiency.

Based on the description presented above, it can be concluded that every company must have financial statements, and for the small-scale company has found SAK ETAP which facilitates the preparation of its financial statements. Therefore, authors are encouraged to conduct research by lifting the title: "The implementation of Preparation of Financial Statements Based on SAK ETAP In the Anwar's stalls rental SMEs"

1.2 Problem Formulation

- a. How does the process of preparation of financial statements in Anwar's stalls rental SMEs today?
- b. Is the preparation of financial statements in Anwar's stalls rental SMEs is in compliance with Financial Accounting Standards for Entities without Public Accountability (SAK ETAP) ?

- c. What is the constraint for Anwar's stalls rental SMEs in applying SAK ETAP?

1.3 Scope of The Research

To be more focused in this study, the authors focused on the analysis of transaction data in Anwar's stalls rental SMEs, and prepare financial statements in Anwar's stalls rental SMEs based on SAK ETAP, but the authors did not calculate tax issues in this SMEs. In this study, the authors analyze the data of financial statements Anwar's stalls rental SMEs in 2014.

1.4 Research Objectives

1. To find out the process of financial statements of Anwar's stall rental today.
2. To find out the preparation of financial statements in Anwar's stalls rental SMEs which is appropriate financial accounting standards entities without public accountability (SAK ETAP).
3. To find out the constraints experienced by Anwar's stalls rental SMEs in applying SAK ETAP

1.5 Significance of The Research

1. Theoretical benefits
 - a. Prove the possibility of the application of SAK ETAP for Anwar's stalls SMEs

- b. Prove the suitability between the existing theories with actual practice

2. Practical benefits

- a. Capable to be used as basic information for broader and specific research to write the thesis, especially in the field of financial accounting.
- b. Provide additional insight and understanding of Anwar's stalls rental SMEs in preparing the financial statements in accordance with SAK ETAP.