

Development of Financial Statement Applications for SMEs based on Financial Accounting Standards for Micro, Small and Medium Enterprises

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Abstract—The purpose of this study is that SMEs can prepare and present financial reports that are good and true in accordance with applicable Financial Accounting Standards namely the Financial Accounting Standards for Micro, Small and Medium Enterprises which will facilitate access to capital from the banking, so as to increase competitiveness UKM. Methods using qualitative research combined with quantitative, especially when viewed from the type of data and how to analyze it. Whereas in Android-based Application Development, the following stages are used; 1) Preparation Stage; 2) Analysis Phase; 3) Design Stage; 4) Implementation Stage; 5) Testing Phase and 6) Reporting Phase. The results of this study indicate that SMEs need to have skills in preparing financial reports so that it is easy to get access to capital to banks. For this reason, applications need to be developed that make it easy for SMEs to create Android-based financial reports so that they are easy to access.

Keywords—SMEs, Financial Report, Android Software

I. INTRODUCTION

Micro, Small and Medium Enterprises (MSMEs) in their development have been able to increase and encourage Indonesia's economic growth in a sustainable manner. The large role of MSMEs through job creation, employment and especially becomes the backbone that has proven capable of surviving amid the economic crisis. MSMEs have also been proven not to be affected by the crisis.

When the crisis hit in the period 1997 - 1998, only MSMEs were able to remain strong. Data from the Central Statistics Agency shows that after the economic crisis of 1997-1998 the number of MSMEs did not decrease, instead it continued to increase, even being able to absorb 85 million to 107 million workers until 2012. In that year, the number of employers in Indonesia was 56,539,560 units. Of these, the

Micro, Small and Medium Enterprises (MSMEs) amounted to 56,534,592 units or 99.99%. The rest, around 0.01% or 4,968 units is big business. The data proves, MSME is a very potential market for the financial services industry, especially banks to distribute financing. Because about 60 - 70% of MSME entrepreneurs do not yet have access to bank financing. Banking Financial Institutions have begun to actively provide credit facilities to MSME entrepreneurs. Lending to the MSME sector continues to experience growth even in general, growth is higher than the total bank credit.

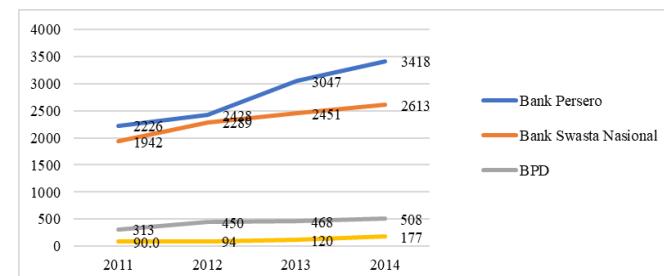


Figure 1. Credit Distribution to MSMEs by Commercial Banks 2011-2014

Figure 1 above is the 2014 data that explains the amount of lending by banks, where the largest portion is still held by the Bank Persero, by 50%, while the National Private Bank ranks second by 40%, BPD by 7% and Foreign and Mixed Banks by 3% (Bank Indonesia, 2015).

From the picture above, it can be seen that every year there is an increase in lending to MSMEs by commercial banks. In terms of quantity, the Central Bank has issued Bank Indonesia Regulation (PBI) No. 14/22 / PBI / 2012 dated 21 December 2012 concerning Lending by Commercial Banks and Technical Assistance in the framework of Micro, Small

and Medium Business Development. The PBI mandates banks to provide a portion of credit of at least 5% to MSMEs in 2015 from the total loans or financing disbursed. Even in 2018 the ratio of credit or financing to MSME is set at a minimum of 20% of the total credit or financing. Then in terms of quality, banking entrepreneurs must understand the business profile of MSME in more depth so that lending is right on target and produces good quality and smooth loans.

Bank Indonesia (BI) as the central bank is also active in providing assistance to Micro, Small and Medium Enterprises (MSMEs) to develop their businesses. Assistance to MSME entrepreneurs is carried out by providing financial report technical training to increase expertise. Until the second quarter of 2016, the share of MSME loans increased to 19.7% compared to the first quarter of 2016 amounted to 19.5%. However, BI noted that only 22% of MSMEs had access to bank credit. BI also noted that one of the main obstacles faced by MSMEs to be able to get access to bank credit is that MSMEs do not have a good financial administration and management system (Adhi Candra, 2016).

Some research that has been done also found that there are still many MSMEs in Indonesia that have not been able to compile financial reports properly because the existing accounting standards are still too difficult so that they cannot be applied by MSMEs. In 2013, the government issued Law Number 1 of 2013 concerning Microfinance Institutions (MFIs) that required MFIs to be able to prepare financial reports in accordance with applicable financial accounting standards so that there was a need to prepare financial accounting standards for MFIs. Based on a survey conducted, the OJK Directorate of Microfinance Institutions (DLKM), which oversees MFI operational activities, found that there are still many MFIs that use a cash basis with a manual recording system and propose that IAI can set specific accounting standards for MFIs. However, it should be noted that since 2009, IAI no longer provides accounting arrangements for a particular industry as a result of the convergence to The International Financial Reporting Standard (Anggraeni, 2016).

In order to facilitate MSMEs in preparing financial reports based on Financial Accounting Standards based on The International Financial Reporting Standards (IFRS), a simpler accounting standard is needed than IFRS-based general SAK. Therefore, in 2009, the Indonesian Institute of Accountants Financial Accounting Standards Board (DSAK IAI) developed and developed an Entity without Public Accountability (SAK ETAP) Financial Accounting Standards, one of which was included in MSME. SAK ETAP regulates accounting records that are simpler than general SAK in terms of recognition, measurement and disclosure of financial transactions that begin on or after January 1, 2011 and early application is permitted (Indonesian Institute of Accountants, 2016). The simplification of accounting arrangements in the SAK-ETAP is expected to encourage the development of MSMEs in Indonesia.

However, along with its development, there is a need for the availability of simpler accounting standards than IFRS-based General SAK and SAK ETAP due to limited human resources in producing financial reports using the two pillars of SAK. Therefore, IAK DSAK develops accounting standards that can meet the needs of MSMEs in forming working groups that involve industry associations, regulators and other interested parties in presenting SAK that can support the progress of MSMEs in Indonesia. Until finally in 2016,

DSAK IAI approved SAK Micro, Small and Medium Enterprises (EMKM) as an effort to support economic progress in Indonesia.

SAK EMKM memuat pengaturan akuntansi yang lebih sederhana dari SAK ETAP karena mengatur transaksi yang umum dilakukan oleh EMKM dan dasar pengukurannya murni menggunakan biaya historis. SAK EMKM juga dilengkapi dengan hal-hal yang bukan merupakan bagian dari SAK EMKM yakni Dasar Kesimpulan (DK) dan Contoh Ilustratif. Dasar Kesimpulan memberikan penjelasan atas latar belakang pengaturan akuntansi yang ditetapkan dalam SAK EMKM ini. Contoh Ilustratif memberikan contoh-contoh penerapan SAK EMKM sehingga memudahkan EMKM dalam menerapkan SAK ini. SAK EMKM sendiri baru diberlakukan 1 Januari 2018 namun diperkenankan untuk diterapkan lebih dini.

On the other hand, MSME entrepreneurs feel they don't need accounting information and state that it is difficult to do accounting records and only consider wasting time and costs. Limited knowledge about accounting of MSME entrepreneurs causes them to not practice adequate accounting processes in accordance with the applicable Indonesian GAAP. Not optimal implementation of accounting practices and accounting information scaling up on MSME Entrepreneurs is not only due to the limitations of MSME Entrepreneurs, but also due to the suboptimal participation of the government and universities in encouraging and facilitating accounting practices at MSMEs. (Kurniawanyah, 2016).

The results of Iswoyo, Ermawati, Nugroho, Wilopo's research (2016) stated that MSMEs have not been able to make financial reports/bookkeeping and there are still many only records of transactions carried out, therefore they have not been able to calculate the tax correctly. Quality financial reports also affect the amount of credit received by MSMEs from banks, while the prospect of applying SAK EMKM experiences constraints that are still low in understanding of MSME entrepreneurs about SAK EMKM, so it must be compiled an accounting process guide based on user-friendly and systematic SAK EMKM by SME managers.

Problems arise when SMEs experience difficulty in preparing financial reports. Usually they only make a sheet of paper or written on a book that is not written routinely every day. SMEs also have difficulty borrowing money from banks, which is one way to develop their businesses because financial records are not recorded properly. In fact, to get capital from banks, they must meet administrative requirements, one of which is the minimum financial statements of income and balance sheets.

Based on the above problems, the construction of an Accounting Information System can overcome the difficulties in recording and compiling computerized financial statements (Accounting Information Systems). The use of SIA does require an initial investment to buy a computer device, but for the long term, the benefits will be felt far more. Accounting Information System is expected to be able to process financial transactions which will ultimately be arranged in financial statements easily, easily and precisely, so that a problem formulation is concluded, how to build an Accounting Information System application based on devices that can be used on SMEs?

II. THEORY

Micro small and Medium Enterprises

The definition of SME in the context of laws and regulations in Indonesia, in Law (Law) Number 20 of 2008 concerning Micro, Small and Medium Enterprises, namely:

- a. Micro Business is a productive business owned by individuals and / or an individual business entity that meets the criteria of a micro business, which has a maximum net worth of Rp. 50 million excluding land and buildings where the business operates or has a maximum annual sales result of Rp. 300 million.
- b. Small business is a productive economic business that stands alone, which is carried out by individuals or business entities that are not subsidiaries or non-branch companies that are owned, controlled, or become a part either directly or indirectly of medium-sized businesses or large businesses that meet the criteria small business, which has a net worth of more than Rp. 50 million to Rp. 500 million excluding land and buildings for businesses; or have annual sales of more than Rp. 300 million to Rp. 2.5 billion.
- c. A medium-sized business is a productive economic business that stands alone, which is carried out by individuals or business entities that are not subsidiaries or branches of a company that is owned, controlled, or becomes a part either directly or indirectly with a small business or large business with a net worth of more than Rp. 500 million to Rp. 10 billion excluding land and buildings for business or annual sales of more than Rp. 2.5 billion to Rp. 50 billion.

Meanwhile according to Regulation of the Minister of Finance Number 68 / PMK.03 / 2010 concerning Limitation of Value Added Tax Small Entrepreneurs as amended by Regulation of the Minister of Finance of the Republic of Indonesia Number 197 / PMK.03 / 2013, Small Entrepreneurs are entrepreneurs who for 1 (one) book year submits Taxable Goods and / or Taxable Services with the amount of gross circulation and / or gross receipts of not more than Rp. 4,800,000,000.00 (four billion eight hundred million rupiah).

Accounting information system

According to Romney and Steinbart (2015) Accounting Information Systems is a system that collects, records, stores and processes data to produce information for decision makers. The system includes people who use the system, procedures and instructions used to collect, process and store data; data about the organization and its business activities; software used to process data; information technology infrastructure, including computers, peripheral devices and communication network devices used in SIAs; and internal controls and security measures that store SIA data.

Financial Accounting Standards for Micro, Small and Medium Enterprises

The Micro, Small and Medium Entity Financial Accounting Standards (SAK EMKM) are intended to be used by micro, small and medium entities. Micro, small and medium entities are entities without significant public accountability, as defined in the Financial Accounting Standards for Entities without Public Accountability (SAK ETAP), which meet the definitions and criteria of micro, small and medium enterprises as stipulated in the legislation valid in

Indonesia for at least 2 years in a row. (Indonesian Institute of Accountants, 2016). SAK EMKM can be used by entities that do not meet the above criteria definition, if the authority allows the entity to prepare financial statements based on SAK EMKM.

SAK EMKM contains accounting rules that are simpler than SAK ETAP because it regulates transactions that are commonly carried out by MSMEs and its measurement basis is purely using historical costs, and is also equipped with things that are not part of SAK EMKM, namely the Conclusion Basis which provides an explanation of the background of accounting arrangements. Stipulated in SAK EMKM and Illustrative Examples which provide examples of the application of SAK EMKM so as to facilitate MSMEs in implementing this SAK.

Financial Report for SMEs

Financial statements are records of a company's financial information in an accounting period that can be used to describe the company's performance (Indonesian Institute of Accountants, 2016). The quality of financial statements can be seen from the extent to which the financial statements in the presentation are able to provide true and honest information. Quality financial statements in providing information on the financial position and performance of an entity that is beneficial to a large number of users in making economic decisions by anyone who is not in a position to request special financial statements to meet the information needs. These users include providers of resources for entities, such as creditors and investors. In meeting its objectives, the financial statements also show accountability for the resources entrusted to it.

The purpose of financial statements is to provide information on the financial position and financial performance of an entity that is beneficial to a large number of users in making economic decisions by anyone who is not in a position to request special financial statements to meet the information needs. These users include resource providers for entities such as creditors and investors. In meeting its objectives, the financial statements also show management's responsibility for the resources entrusted to it. (Indonesian Institute of Accountants, 2016).

Software

According to Pressman (in Rahmawati, 2014), there are several definitions of software including: 1) Instructions (computer programs) that when executed there are features, functions and desired performance; 2) Data structures that enable programs to manipulate information; and 3) Descriptive information on printed copies and virtual forms that describe the operation and use of programs.

Even so there are many other more formal definitions that are used to describe in more detail relating to software. To further increase understanding of software, we also need to recognize the characteristics of the software, including:

1. Software is developed or engineered Software is realized because there is an engineering process, where software costs are centered on engineering activities
2. Software does not experience "fatigue", in contrast to hardware which with increasing time decreases in function due to usage (fatigue), software will not experience this. The software will remain in its original condition even though it has been used for a certain time. Software will

- experience a decline due to "failure" following the development of the environment.
3. Most of the software is still based on the specifications requested by the user

Software Development

Software development as in Wikipedia (2017) is the development of a software product. The term "software development" can be used to refer to computer programming activities, namely the process of writing and managing source code, but in a broad sense this term covers all things involved between creating the desired software through the final embodiment of software, ideally in a planned process and structured. Therefore, software development can include research, new development, prototyping, modification, reuse, re-engineering, management, or other activities that produce software products.

Software can be developed for a variety of purposes, the three most common objectives are meeting specific client / business needs (custom software), meeting the perception of the needs of a number of potential users (commercial and open software), or meeting personal needs (for example a scientist writing software to automate a complicated task). Embedded software development is the development of embedded software as used to control consumer products, requiring an integrated development process with controlled physical product development.

The need for better quality control in the software development process creates a software engineering discipline, which aims to implement a systematic approach that is contained in the engineering paradigm to the software development process.

Prior Research

A preliminary study was conducted by Iswoyo, Ermawati, Nugroho and Wilopo (2016) entitled Review of the Implementation of Government Regulation No. 46 Year 2013: Contributions and Constraint for SMEs. The results showed that in general the SMEs as informants realized that they had to submit SPT on time even though they did not understand the procedures for calculating the tax that was imposed on them. There are a number of MSME actors who strive to understand tax regulations by attending socialization or training courses conducted by the Director General of Taxes or other organizers. However, the majority of MSMEs are still being improvised. The obstacle they face is their inability to prepare and present financial reports properly so that simple software is needed in preparing them.

Narsa, et al (2012) conducted a study entitled Revealing MSME Readiness in Implementing Financial Accounting Standards for Entities Without Public Accountability (PSAK-ETAP) to Improve Banking Capital Access. The research is dedicated to understanding deeply about the readiness of MSMEs in implementing SAK ETAP. The focus is on the extent to which MSMEs understand the usefulness of financial statements prepared based on standard financial accounting standards. In this study used a qualitative approach or alternative approach. The method used in this research is in-depth interview. The results of this study found that the constraints of MSMEs were not having financial reports in accordance with SAK-ETAP standards and MSMEs that had good financial records had more rapid development compared

to other MSMEs even though the age of founding was the same, even younger than some of the other MSMEs. One of the factors driving the progress of MSMEs is the ability to access credit from banks, so that the problem of capital difficulties can be overcome, even turnover in 2010 reached more than 800 million rupiah, with net profit after deducting operational costs and other costs reaching more than 100 million rupiah.

III. METHOD

Research methodology

Data collection techniques used in this study are grouped into two, namely: main data and supporting data. The main data is obtained from people who are involved in UKM activities, while supporting data is obtained from documents in the form of notes, pictures and other materials. Data collection techniques in this study were carried out by:

1. Observation, in this observation activity, the researcher observes the object of research, namely UKM which is the research sample to find data directly in the field.
2. Interview, conducted by asking questions verbally to the leaders / owners of SMEs related to the issues raised. In general, for SMEs, the owner is also the leader of the company who knows all the financial and non-financial information in the company. The researcher tried to obtain this information by conducting a simple accounting preparation training for them so that it was known that so far they had only done manual bookkeeping with a makeshift book.

The data obtained will be analyzed which will then be done by designing a computer-based accounting information system starting from the system design which includes process design, data design and user interface design. Based on the perpetrators' information and transactions, a system analysis will be processed manually. The manual system consists of transaction analysis and business unit financial statements. Then the SIA design starts from making system flowcharts, context diagrams, tiered diagrams, DFD (Data Flow Diagrams), CDM (Conceptual Data Model), PDM (Physical Data Model), and system interface design. The final step is the development of an Accounting Information System (AIS) application that is tailored to the needs needed for SMEs in the research sample.

IV. RESULT

Overview of Respondents

In this study data were collected from two parties, namely the Regency/City Government in this case the Office of Cooperatives and MSMEs (or similar) and MSME entrepreneurs who are recommended by the Office of Cooperatives and MSMEs and are assisted by the Office of Cooperatives and MSMEs. The sampling technique used by establishing MSMEs in Regencies/Cities is included in the classification of fast-growing and high-income regions, namely districts/cities with an average GRDP per capita above the average GRDP per capita of East Java Province and the average rate of economic growth above the average economic growth of East Java Province. From East Java BPS data (2015), there are 6 districts/cities that have an average per capita GRDP and economic growth rates above the average in East Java Province. The six regencies/cities are Gresik Regency, Mojokerto Regency, Batu City, Madiun City,

Malang City and Surabaya City. The determination of MSMEs, informants and informants was chosen based on a purposive technique by considering criterion based selection, where MSMEs, informants, and informants were determined by the researcher by considering mastery of the information and data that researchers needed.

The informants from the Regency/City Cooperative and SME Office are employees at the relevant service designated by the Head of Service representing the Regency/City Cooperative and SME Service. Data from the informants of Regency/City Cooperative and MSME Employees who are research sites and MSME entrepreneurs are presented in the following table:

Table 1. Research Informant

No.	Regency/City	Employee of Dinkop & SME	SME's Entrepreneur
1	Surabaya City	2	6
2	Batu City	2	5
3	Malang City	2	6
4	Madiun City	2	5
5	Mojokerto Regency	2	7
6	Gresik Regency	2	9
Total		12	38

Source: Data processed, 2018

Based on the data above, it is seen that all informants in this study amounted to 50 people consisting of 12 employees of the District/City Cooperative and SME Office and 38 entrepreneurs from the Regency/City that were the object of the study. The selection of MSME entrepreneurs is based on recommendations from the relevant District/City Cooperative Office and MSMEs and on the selection of researchers who meet the established criteria and in order to facilitate research and time constraints.

Table 2. Informants based on position in the company

Position	Frequency	Percent
Company owner	24	63.2
Finance Manager	5	13.2
Others	9	23.7
Total	38	100.0

Source: Primary data processed, 2018

The informants of MSME entrepreneurs who were the objects of research were mostly the owners of their own companies, namely 24 people or 63.2%, financial managers as many as 5 people or 13.2% and other positions of 9 people or 23.7%.

Based on the type of business involved by MSME entrepreneurs, data can be submitted as in the following table:

Table 3. Informants by type of business

Type of Business	Frequency	Percent
Trading	27	71.1
Manufacture	1	2.6
Services	5	13.2
Others	5	13.2
Total	38	100.0

Source: Primary data processed, 2018

Based on the above table, it can be seen that the

majority of informants are in the business of trading by 27 people or 71.1%, 1 person in the manufacturing industry, 5 people or 13.2% in service businesses and 5 other people or 13.2% in other types of businesses.

Table 4. Informants based on Assets and Sales per year

Asset	Sales per year				Total
	< 100 million	100 - 499 million	500 million - 2.5 billion	> 2.5 billion	
< 100 million	6	0	0	0	6
100 - 499 million	5	11	4	0	20
500 million - 2.5 billion	0	0	7	5	12
Total	11	11	11	5	38

Source: Primary data processed, 2018

Table 5. Business Capital Informants

Capital	Ever Borrowed from the Bank		Total
	Ever	Never	
100% modal sendiri	0	10	10
75% - 95% modal sendiri	8	5	13
50% - 74% modal sendiri	10	0	10
< 50% modal sendiri	5	0	5
Total	23	15	38

Source: Primary data processed, 2018

Based on the table above, it is known that the majority of informants have ever borrowed transactions in the banking that is 23 informants or 60.5% while the remaining 15 informants or 39.5% have never done banking transactions.

Table 6. The Importance of Financial Statements

	Frequency	Percent
Important	24	63.2
Very important	14	36.8
Total	38	100.0

Based on the table above, it can be seen that the majority of informants feel that the preparation of financial statements is very important for the development of their businesses in the amount of 24 people or 63.2 while the remaining 14 people or 36.8% feel less important.

Financial Statement Information System Model based on SAK-EMKM

Based on table 6 above, it can be seen that SMEs feel they really need financial statements to manage their business. With a good and correct financial report will make them understand the development of their business, which in turn makes it easier for them to get access from banks. SMEs require information systems in the form of applications that

make it easy for them to prepare financial reports in accordance with applicable financial accounting standards. SMEs want a record of daily financial transactions that are easily accessed from their smartphones so they need an Android-based application to facilitate their needs. Currently, there are many financial reporting applications available on application providers (apk) on the internet, including Google Playstore and Apple Store.

The development of the Financial Statement Information System model based on SAK-EMKM begins with analyzing each transaction carried out by SMEs and analyzing the needs of SMEs. The variety of types of businesses that SMEs are involved in, but as table 4 above most of the informants are engaged in trade, then, this study focuses on the Financial Statement Information System model for trade businesses. This is also based on that the trading business is the business of most SMEs in East Java.

The model development begins with the system design in a flow chart, which starts from an analysis of the needs of SME financial statements and whether they are in accordance with SAK-EMKM. -EMKM. as follows;

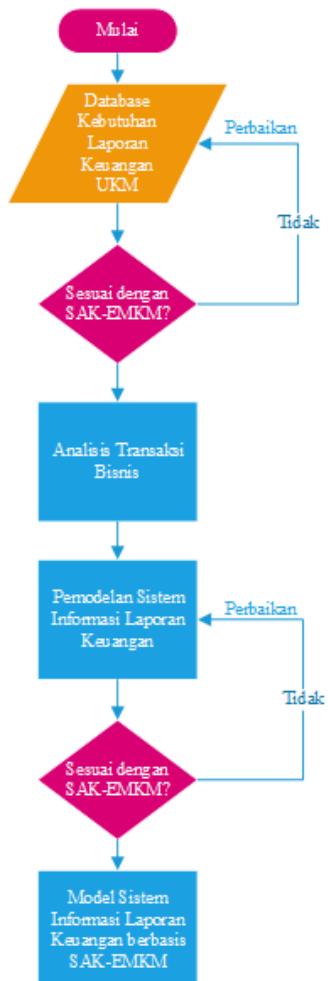


Figure 1. Model Planning Flow Chart

From the results of interviews with SMEs about the need for financial statement applications and from some of the literature and the information flow diagram above, the Financial Statement Information System Model based on SAK-EMKM can be described as follows:

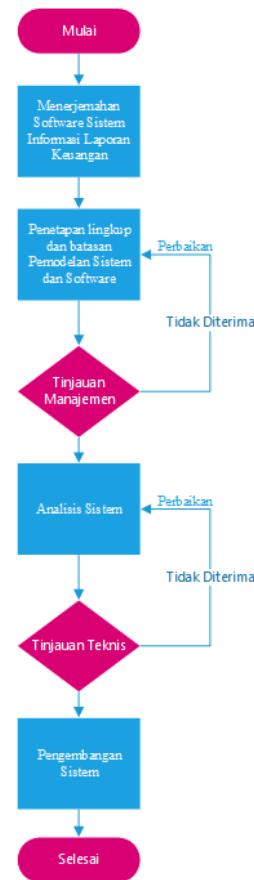


Figure 2. Planning Financial Information System Information based on SAK-EMKM

The system developed must be able to translate the needs of SME financial statements and applicable financial accounting standards. After that the scope or system boundary is determined, then a system analysis and technical review are conducted and continued with the system development.

Planning System

Figures 1 and 2 above show the design of the system to be developed. After that the data processing is carried out through several stages, including:

- System Approach, where the results of the analysis with SMEs are determined by the need to prepare financial statements and the scope and limits of how detailed the system will be developed
- System Planning covers the depiction of information systems starting from planning, technical analysis and management to the development of information systems.
- Information system work procedures, including making flow diagrams that show the overall system activity developed.

In this developed system, includes 2 systems namely; Website-based system administrators and user systems for SMEs.

- System Administrator

This system was developed based on the website, which will be managed by the Administrator in this case for the first year carried out by the research team. This system contains about

- b. SME User System
 1. System Development
 a. System Administrator

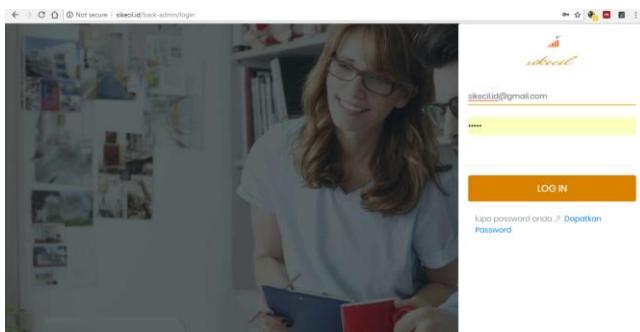


Figure 3. screenshot of the administrator login page

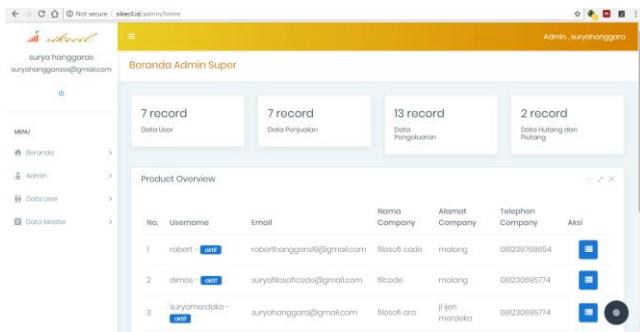


Figure 4. screenshot of the administrator homepage

b. SME User System

Here are some screenshots of the small application for the preparation of SME financial statements based on Financial Accounting Standards - Micro, Small and Medium Enterprises (SAK-EMKM).

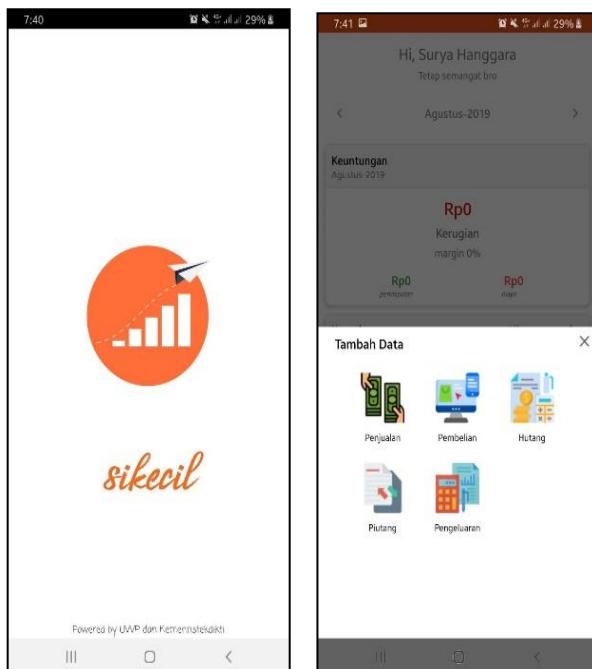


Figure 5. screenshot of the front page of a SME user and data mining page

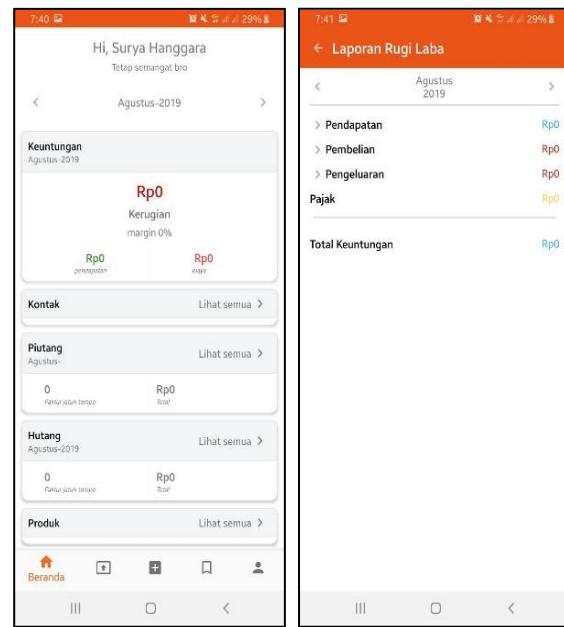


Figure 6. Screenshot of the report page on the screen about business development and income statement page

System Implementation

This system has been uploaded to Google Playstore and downloaded by several entrepreneurs. Some SME entrepreneurs who are committed to using this application include UD. Sumber Rejeki, Business field of traditional woven gloves trading located in Karangploso Hamlet, RT. 12 RW. 06 Klampok Village Benjeng District Gresik Regency.

V. CONCLUSIONS

SMEs feel they really need Financial Statements to manage their business. With a good and correct financial report will make them understand the development of their business, which in turn makes it easier for them to get access from banks. SMEs require information systems in the form of applications that make it easy for them to prepare financial reports in accordance with applicable financial accounting standards. SMEs want a record of daily financial transactions that are easily accessed from their smartphones so they need an Android-based application to facilitate their needs. Currently, there are many financial reporting applications available on application providers (apk) on the internet, including Google Playstore and Apple Store.

The development of the Financial Statement Information System model based on SAK-EMKM begins with analyzing each transaction carried out by SMEs and analyzing the needs of SMEs. The variety of types of businesses that SMEs are involved in, but as table 4 above most of the informants are engaged in trade, then, this study focuses on the Financial Statement Information System model for trade businesses. This is also based on that the trading business is the business of most SMEs in East Java.

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