

ANALYSIS OF FINANCIAL STATEMENTS MICRO SMALL AND MEDIUM BUSINESS WORKSHOP OF DRONE MANADO (INDONESIA) BASED ON FINANCIAL ACCOUNTING STANDARDS

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Abstract: The purpose of this research, to find out how to prepare the Drone Workshop financial statements and financial reports based on Financial Accounting Standards Micro Small and Medium Entities. Research method used with a qualitative descriptive approach. The object of this research is one of the Micro Small and Medium Enterprises, which is engaged in rental services and services that are located at Jln. Pramuka No.18 Sario Manado. The data obtained and used in this study are primary and secondary data types. Primary data here are data obtained from the results of questions through interviews given to owners of Micro, Small and Medium Enterprises. While secondary data is obtained through literature. The results of the study show that the Drone Workshop does not record in accordance with the accounting system that applies to the Financial Accounting Standards Micro, Small and Macro Entities because it only records income and expenditure. While based on Financial Accounting Standards - Micro, Small and Medium Entities financial statements consist of Financial Position Reports, Profit/ Loss Reports, and Notes to Financial Statements. The recommendations from the results of this study namely the Drone Workshop must carry out accounting activities starting from recording to making the correct financial statements so that they can be adjusted to the business needs based on Financial Accounting Standards, Micro, Small and Medium Entities. It is better if the owner of the Drone Workshop employs people who are experienced in accounting.

Keywords: Micro, Small and Medium Enterprises

1. Introduction

Micro, Small and Medium Enterprises in Indonesia have become the backbone of the Indonesian economy, where Micro, Small and Medium Enterprises can directly contribute by providing employment, absorbing labor, reducing the existing unemployment rate, and especially becoming a deterrent when it occurs economic crisis shocks. The contribution of Micro, Small and Medium Enterprises to gross domestic product, increased from 57.84% to 60.34% in the last five years, the absorption of labor in this sector also increased from 96.99% to 97.22% in the same period.

Table 1.1 Proportions of Credit, Micro, Small and Medium Enterprises Against Credit Total in 2011-2016

Credit position	Proportion of Credit, Micro, Small and Medium Enterprises Against Total Loans (Trillion Rupiah)					
	2011	2012	2013	2014	2015	2016
Micro	88.02	97.18	118.77	140.27	164.87	178.51
Small	146.53	164.27	187.73	201.98	215.92	236.30
Medium	223.61	264.95	303.53	329.47	359.01	367.09
Total	458.16	526.40	610.03	671.72	739.80	781.91

Source: Statistics Central Agency, 2018

Micro, Small and Medium Enterprises have enormous potential in economic development in Indonesia but this is not balanced with the quality of Micro, Small and Medium Enterprises such as lack of records and financial management which are key factors in the success of Micro, Small and Medium Enterprises and Intermediate. The recording and preparation of inadequate financial reports is an obstacle that becomes a basic problem for Micro, Small and Medium Enterprises, the factors that influence, namely lack of skills, and knowledge possessed regarding accounting records, because Micro, Small and Medium Enterprises are mostly only record income, and expenses that occur in Micro, Small and Medium Enterprises without using existing financial accounting standards. In general, financial statements are records of financial information of a company, in an accounting period that can be used to describe the performance of the company (Wiratna 2017).

In order to assist Micro, Small and Medium Enterprises to meet their financial reporting needs, the Financial Accounting Standards Board of the Indonesian Institute of Accountants in 2016 has compiled, and ratified the Micro, Small and Medium

Entity Financial Accounting Standards. The issuance of the Micro, Small and Medium Entity Financial Accounting Standards is a form of support from the Indonesian Institute of Accountants as an accountant professional organization, in enhancing transparency, and accountability of entity financial reporting, while encouraging the growth of the Micro, Small and Medium Enterprises sector in Indonesia. According to the Indonesian Institute of Accountants, in the Micro, Small and Medium Entity Financial Accounting Standards (2016). Micro, Small and Medium Entities are entities without significant public accountability as defined in the Financial Accounting Standards of Entities without Public Accountability, which meet definitions and criteria for micro, small and medium enterprises as stipulated in the applicable laws and regulations in Indonesia. for at least 2 years. The author chooses Micro, Small and Medium Enterprises Drone Workshop as the object of research, this Micro Small and Medium Enterprises is engaged in the business of service and rental services for drones. Micro, Small and Medium Enterprises Drone Workshop that has not implemented the Financial Accounting Standards in its financial statements, where the Micro Small and Medium Enterprises Drone Workshop, only records cash in and out, which is still very simple, so it has not implemented the financial statements in accordance with Micro Entity Financial Accounting Standards , Small and Medium. With the implementation of the Standa of Financial Accounting, Micro, Small and Medium Entities have made this contradictory to existing standards. According to Indonesian Institute of Accountants in Financial Accounting Standards, Micro, Small and Medium Enterprises. Entity financial statements include:

1. Statement of financial position at the end of the period;
2. Income statement during the period
3. Notes to financial statements, which contain additions and details of certain relevant accounts.

From the description described above the author is interested in raising the title "Analysis of Financial Statements of Micro, Small and Medium Enterprises Drone Workshop Manado (Indonesia) Based on Financial Accounting Standards, Micro, Small and Medium Enterprises

II. RESEARCH METHODS

On this occasion the author uses this type of research with a qualitative descriptive approach. The object of this study is one of the Micro, Small and Medium Enterprises engaged in rental services and services that are located at Jl.Pramuka No.18 Sario Manado. Data obtained and used in this study are primary and secondary data types. Primary data here are data obtained from the results of questions through interviews given to owners of Micro, Small and Medium Enterprises. While secondary data is obtained through literature.

III. DISCUSSION

Drone Workshop recognizes financial statements is very important to know how much income and expenditure, which is carried out by the business activities themselves, then the owner makes financial statements that are very simple and manual because it is only for personal use. However, there are still a lot of things missing and need to be improved. Financial statements are very important to know all kinds of company information in a certain period of time, to know the condition of the company at that time, and to help interested parties, to make important decisions after analyzing financial statements.

Financial reports carried out by the Drone Workshop, namely daily cash reports and monthly financial reports. Here are the financial statements of the Drone Workshop: Making financial statements The Drone Workshop only records cash in and cash out for one month. The owner only records the entire income for one month, and deducts all of the costs used for one month. From the results of the research that the authors do that the Drone Workshop still does not present financial statements in accordance with the Financial Accounting Standards, Micro Small and Medium Enterprises. According to the Indonesian Accounting Association in Financial Accounting Standards, Micro, Small and Medium Enterprises (2016: 9) Entity financial statements include:

1. Financial Position Report

Table 3.1 Financial Position Reports on Financial Accounting Standards Micro, Small and Medium Entities.

ENTITIES REPORT OF FINANCIAL POSITION DECEMBER 31, 20X8			
ASSET	Note	20X8	20X7
Cash and cash equivalents			
Cash	3	xxx	Xxx
Giro	4	xxx	Xxx
Deposit	5	xxx	Xxx
Total		xxx	Xxx
Accounts Receivable	6	xxx	Xxx
Stock		xxx	Xxx
Prepaid expenses	7	xxx	Xxx
Fixed assets		xxx	Xxx

Accumulated depreciation		(xx)	(xx)
TOTAL ASSETS		xxx	Xxx
LIABILITY			
Accounts payable		xxx	Xxx
Bank debt	8	xxx	Xxx
AMOUNT OF LIABILITY		xxx	Xxx
EQUITY			
Capital		xxx	Xxx
Retained earnings (deficit)	9	xxx	Xxx
AMOUNT OF EQUITY		xxx	Xxx
AMOUNT OF LIABILITY & EQUITY		xxx	Xxx

Source: Indonesian Institute of Accountants in Financial Accounting Standards, Micro Small and Medium Enterprises, 2016.

The financial position report presents information about the assets, liabilities and equity of the entity at the end of the period. The entity's financial position report may include the following items:

- Cash and cash equivalents
- Accounts receivable
- Stock
- Fixed assets
- Accounts payable
- Bank debt
- Equity

2. Income statement

Table 3.2 Income Statement of Financial Accounting Standards, Micro, Small and Medium Enterprises

ENTITIES			
INCOME STATEMENT			
FOR THE YEAR ENDED DECEMBER 31, 20X8			
INCOME	Note	20X8	20X7
Operating revenues	10	xxx	Xxx
Other income		xxx	Xxx
JUMLAH PENDAPATAN THE AMOUNT OF INCOME		xxx	Xxx
COST			
Business costs		xxx	Xxx
Miscellaneous expense	11	xxx	Xxx
THE AMOUNT OF COSTS		xxx	Xxx
PROFIT (LOSS) BEFORE INCOME TAX		xxx	Xxx
Income tax expense	12	xxx	Xxx
PROFIT (LOSS) AFTER INCOME TAX		xxx	Xxx

Source: Indonesian Institute of Accountants in Financial Accounting Standards, Micro Small and Medium Enterprises, 2016.

The entity's income statement can include the following items:

- Income
- Finance Expenses
- Tax expense

3. Notes to Financial Statements

Table 3.3 Notes to Financial Statements and Financial Accounting Standards, Micro, Small and Medium Enterprises

ENTITIES NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 20X8		
1. GENERAL		
General description and business profile of the Entity.		
2. SUMMARY OF IMPORTANT ACCOUNTING POLICIES		
a. Compliance Statement The financial statements are prepared using Micro, Small and Medium Entity Financial Accounting Standards.		
b. Basic Arrangement The basis for preparing financial statements is historical costs and uses accrual assumptions. The presentation currency used in the preparation of the financial statements is Rupiah.		
c. Accounts receivable Trade accounts are presented at the amount of the invoice.		
d. Stock The cost of raw material inventory includes the cost of purchasing and transportation costs of purchase. Conversion costs include direct labor costs and overhead.		
e. Fixed assets Fixed assets are recorded at cost if the asset is legally owned by the entity.		
f. Revenue and Expense Recognition Sales revenue is recognized when bills are issued or shipments are made to customers.		
g. Income tax Income tax follows the tax provisions that apply in Indonesia.		
3. CASH		
	20X8	20X7
Petty cash – Rupiah	Xxx	Xxx
4. GIRO		
	20X8	20X7
PT Bank xxx – Rupiah	Xxx	Xxx
5. DEPOSIT		
	20X8	20X7
PT Bank xxx – Rupiah	Xxx	Xxx
Interest ratea – Rupiah	Xxx	Xxx
6. ACCOUNTS RECEIVABLE		
	20X8	20X7
Shop A	Xxx	Xxx
Shop B	Xxx	Xxx
Amount	Xxx	Xxx
7. PREPAID EXPENSES		
	20X8	20X7
Rent	Xxx	Xxx
Insurance	Xxx	Xxx
Licenses and permits	Xxx	Xxx
Amount	Xxx	Xxx
8. DEBT BANK		
Entity working capital loan to the Bank.		
9. RETAIN EARNING		
Retained earnings represent accumulated difference in income and expenses, after deducted by distribution to owners.		
10. SALES REVENUE		
	20X8	20X7
Sales	Xxx	Xxx
Sales returns	Xxx	Xxx
Amount	Xxx	Xxx
11. OTHER FEES		
	20X8	20X7
Loan interes	Xxx	Xxx
Etc	Xxx	Xxx
Amount	Xxx	Xxx

12. BEBAN PAJAK PENGHASILAN		20X8	20X7
Pajak penghasilan		XXX	XXX

Source: Indonesian Institute of Accountants in Financial Accounting Standards, Micro Small and Medium Enterprises, 2016.

Notes to financial statements include:

- A statement that the financial statements have been prepared in accordance with the Financial Accounting Standards, Micro, Small and Medium Enterprises
- Accounting policy overview
- Additional information and details of certain posts that explain important transactions and materials so that it is useful for users to understand financial statements.

The results of financial statement analysis found by the author are:

- Recording and financial reports made by the Drone Workshop are still manual and very simple that are full of limitations and shortcomings.
- The financial statements presented by the Manado Drone Workshop are not in accordance with the Financial Accounting Standards, Micro, Small and Medium Enterprises.

The purpose of financial statements is to provide financial position information and the performance of an entity that benefits a large number of users in economic decision making by anyone, who is not in a position to be able to request special financial statements, to meet those information needs. These users include providers of resources for entities, such as creditors and investors. In fulfilling its objectives, the financial statements also indicate management's responsibility for the resources entrusted to it. In Financial Accounting Standards, Small and Medium Micro Entities the fair presentation of financial statements requires an entity to present information to achieve its objectives:

- Relevant: information can be used by users for the decision making process.
- Proper representation: information in financial statements presents precisely what will be represented, and is free from material errors and bias.
- Comparison: information in the entity's financial statements can be compared between periods to identify position trends, and financial performance. Information in the entity's financial statements can also be compared between entities to evaluate financial position and performance.
- Understanding: the information presented can be easily understood by the user. Users are assumed to have adequate knowledge, as well as the willingness to learn the information with reasonable diligence.

Entities whose financial statements have complied with the Financial Accounting Standards, Micro, Small and Medium Enterprises make statements explicitly and without exception regarding compliance with the notes to the financial statements. The entity cannot describe that the financial statements have complied with the Financial Accounting Standards, Micro, Small and Medium Enterprises, unless the financial statements have complied with all requirements. Accounting policy is the principle, basis, convention, rules, and certain practices applied by the entity in preparing and presenting financial statements. In this case the financial statements are prepared using Micro, Small and Medium Entity Financial Accounting Standards. The basis for preparing financial statements is historical costs and uses accrual basis assumptions. The following are some of the data obtained during the study:

1. SUMMARY OF IMPORTANT ACCOUNTING POLICIES

a. Compliance Statement

The financial statements are prepared using Micro, Small and Medium Entity Financial Accounting Standards.

- The basis for the preparation of financial statements is historical costs and uses accrual basis assumptions. The presentation currency used in the preparation of the financial statements is Rupiah.
- Accounts receivable Trade accounts are presented at the amount of the invoice.
- Fixed assets, Fixed assets are recorded at cost if the asset is legally owned by the entity. Fixed assets are depreciated using the straight-line method without residual value.
- Revenue and Expense Recognition, Revenues are recognized when a bill is issued. Expenses are recognized when they occur.
- Income tax, Income tax follows the applicable tax provisions.

Table 3.4 Balance Sheet Drone Workshop December 2017

Assets		Liabilities + Equity	
Cash	Rp. 5.600.000	Capital	Rp. 45.000.000
Equipment	Rp. 37.400.000		
Accounts receivable	Rp. 2.000.000		
Total	Rp. 45.000.000	Total	Rp. 45.000.000

Source: Processed Data, 2018

Table 3.5 Drone Workshop Equipment

Equipment	Unit	Unit Price	Amount
DJI Phantom 3 Pro	1	Rp. 13.000.000	Rp. 13.000.000
Hexacopter	1	Rp. 13.000.000	Rp. 13.000.000
DJI Spark	1	Rp. 8.000.000	Rp. 8.000.000
Tollbox set	1	Rp. 2.000.000	Rp. 2.000.000
Hand Dremel	1	Rp. 500.000	Rp. 500.000
Electric Drill	1	Rp. 250.000	Rp. 250.000
Gurinda	1	Rp. 200.000	Rp. 200.000
Solder	1	Rp. 150.000	Rp. 150.000
Table	1	Rp. 300.000	Rp. 300.000
Total			Rp. 37.400.000

Source: Processed Data, 2018

1. Prices for doing services

- a. Service and Repair Rp. 350,000 (excluding spare parts)
- b. Rent Drones and Pilots Rp. 1,000,000
- c. Rent Drones Rp. 750,000 (depending on the drone)

2. Spare parts purchased to be used when service is included in the group of current assets because the owner buys spare parts according to service requirements, and is paid in advance by the owner, then will be replaced or will be paid by the customer along with the price of service services. From the data obtained, the authors make financial statements of the Drone Workshop based on Financial Accounting Standards, Micro Small and Medium Enterprises as follows:

Table 3.6 Financial Position Report of the Drone Workshop based on Financial Accounting Standards, Micro, Small and Medium Enterprises

WORKSHOP DRONE STATEMENT OF FINANCIAL POSITION JANUARY 31, 2018	
ASSETS	
Cash	Rp. 5.845.000
Equipment	Rp. 37.000.000
Accounts receivable	Rp. 2.000.000
Prepaid lease	Rp. 1.000.000
Accumulated depreciation of equipment	(Rp. 1.281.250)
AMOUNT ASSETS	Rp. 44.963.250
LIABILITY	
AMOUNT OF LIABILITY	-
EQUITY	
Capital	Rp. 44.963.750
AMOUNT OF EQUITY	Rp. 44.963.750
AMOUNT OF LIABILITY & EQUITY	Rp. 44.963.750

Source: Processed Data, 2018

Table 3.7 Drone Profit and Loss Report based on Financial Accounting Standards, Micro, Small and Medium Enterprises

WORKSHOP DRONE INCOME STATEMENT JANUARY 31, 2018	
INCOME	

Income from rental and service services	Rp. 3.050.000
THE AMOUNT OF INCOME	Rp. 3.050.000
COST	
Salary expense	Rp. 500.000
Electricity cost	Rp. 55.000
Miscellaneous expense	Rp. 250.000
Paid upfront fees	Rp. 1.000.000
Equipment Depreciation Costs	Rp. 1.281.250
THE AMOUNT OF COSTS	Rp. 3.086.350
(LOSS) OF BUSINESS	Rp. 36.250

Source: Processed Data, 2018

Table 3.8 Notes on the Drone Workshop Financial Statements based on Financial Accounting Standards, Micro, Small and Medium Enterprises

WORKSHOP DRONE NOTES TO FINANCIAL STATEMENTS JANUARY 31, 2018	
1. GENERAL	Drone Workshop was established in Manado in May 2016. Drone Manado Workshop is engaged in rental services, and service for drones. The Drone Workshop fulfills the criteria as a micro, small and medium entity in accordance with Law Number 20 of 2008. The Drone Workshop is located at Jl. Pramuka 18 Sario, Manado.
2. SUMMARY OF IMPORTANT ACCOUNTING POLICIES	
a. Compliance Statement	The financial statements are prepared using Micro, Small and Medium Entity Financial Accounting Standards.
b. Basic Arrangement	The basis for preparing financial statements is historical costs and uses accrual assumptions. The presentation currency used in the preparation of the financial statements is Rupiah.
c. Accounts receivable	Trade accounts are presented at the amount of the invoice.
e. Fixed assets	Fixed assets are recorded at cost if the asset is legally owned by the entity.
f. Revenue and Expense Recognition	Revenues are recognized when a bill is issued. Expenses are recognized when they occur.
g. Income tax	Income tax follows the tax provisions that apply in Indonesia
3. CASH	January cash amounting to Rp. 5,845,000
4. PREPAID EXPENSES	The cost of renting buildings in January is Rp. 1,000,000
5. ACCOUNT RECEIVABLE	The remaining accounts receivable until January amounted to Rp. 2,000,000
6. SALDO LOSS	The operating loss balance in January is Rp. 36. 250
7. BUSINESS INCOME	The income of rental and service services in January is Rp. 3,050,00
8. ETC	Other expenses in January of Rp. 250,000

Source: Processed Data, 2018

The financial statements that the author works on can be beneficial for the owner to know:

1. Knowing the amount of income, costs and profits for one period of one month
2. Knowing the assets, debt and capital owned by the Drone Workshop so that with the financial statements that are in accordance with the Financial Accounting Standards, Micro Small and Medium Enterprises the owner can use it to make the next financial report.

IV. C ONCLUSION

Based on the results of research and discussion on "Analysis of Financial Statements of Micro, Small and Medium Business Drone Workshops", the author draws the conclusion that the Workshop does not record in accordance with the accounting system applicable to Financial Accounting Standards, Micro Small and Medium Enterprises because it only records income and expenditure. Meanwhile, based on Financial Accounting Standards - Micro, Small and Medium Enterprises financial statements consist of Financial Position Reports, Profit / Loss Reports, and Notes to Financial Statements. Recommendations from the results of this study, namely the Drone Workshop must carry out accounting activities starting from recording up to making the correct financial statements, so that they can be adjusted to business needs based on Micro, Small and Medium Entity Financial Accounting Standards. It is better if the owner of the Drone Workshop employs people who are experienced in accounting.

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