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Characteristics and Problematics of SMEs Ponorogo



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ABSTRACT

Small and Medium Sized Enterprises (SMEs) currently have good developments, especially in the food and beverage sector. Even though the area of business is small, it does not need to be underestimated that this business also needs funds/finance. Financial management and reporting for small and medium sized enterprises are often considered difficult. On the other hand, the Institute of Indonesia Chartered Accountants has applied Accounting Standards which are easier to implement in small business actors, namely the Financial Accounting Standards for Small and Medium Sized Enterprises (FAS-SMEs), effective in 2018. This research aims to explore further information about the existence and evaluation of financial management by SMEs. This study also aims to develop a design (model) of financial management procedures that are easily implemented by SMEs and is in accordance with FAS- SMEs.

This research is qualitative research with an in-depth interview method. The informants chosen were food and beverage SMEs in Ponorogo Regency. Based on data obtained from 5 informants, then an analysis is carried out with rational interpretation. This study also obtained information from the Ponorogo Perdagkum related to how the role of the government plays in the management of SMEs.

Food and beverage business people choose this business field because it is considered to have great potential for profit because food and beverages are their basic needs. Financial management at food and beverage SMEs is still very simple, in the form of simple records, not yet differentiating personal assets from the business, so that it is difficult to determine profits. This has the effect of not being able to compile the financial statements of food and beverage SMEs in the Ponorogo Regency according to FAS SMEs.

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1. Introduction

Small and medium businesses in Indonesia can not be underestimated in various fields, especially in the economic field. According to Rachman and Sularto (2011), SMEs has an important role in the Indonesian economy due to several factors, including 1) its position as a major player in economic activity in various sectors; 2) the largest employer; 3) significant players in local economic development and community empowerment; 4) creator of new markets and sources of innovation; 5) contribute to the balance of payments through export activities. This condition is real proof that in Indonesia small and medium enterprises are more able to survive in overcoming the world economic crisis. The number of small and medium sized enterprises will create competition between actors, which encourages the perpetrators to innovate to create and develop products.

Considering the importance of the role of Small and Medium Enterprises, accounting systems and procedures are needed that are capable of producing adequate Financial statements and in accordance with generally accepted rules. In Indonesia, accounting principles for the small and medium business sector, it is strongly recommended to use the **Financial Accounting Standards for Micro, Small and Medium Enterprises (FAS-SMEs)**. Although there are many accounting systems available, accounting system software is easily found on the market, but not all of them are fixed or appropriate (Yudhanti and Rachmawati, 2013). Especially if it is applied to small businesses, especially food and beverage businesses because the software on the market often does not match the characteristics of existing businesses.

In order for the continuity of SMEs business to be managed properly, transparently, and responsibly, adequate accounting procedures and systems are needed. In this case, the application is needed in accordance with accounting standards, especially FAS- SMEs. According to Zulfikar, et al (2012) the usual application of accounting and standard essays that apply if applied to small and medium businesses will provide benefits to SMEs and the economy in general. Financial reporting is beneficial for Small and medium sized enterprises to more easily obtain capital from financial institutions, and gain public trust.

Good financial management and reporting, in addition to increasing trust, will also make it easier for business actors to conduct business evaluations more accurately. Unlike if a business actor does not conduct a structured registration, then business activities are difficult to estimate in a timely manner. Business actors cannot analyze their business development, the amount of profit cannot be calculated more precisely, and business actors find it difficult to measure their ability to develop business. Based on the usual application of accounting, this research will further look at how the financial management that has been carried out by SMEs in Ponorogo, specifically the food and beverage business.

With the development of SMEs in the economic arena, the scope of the study in this study is the accounting procedures implemented in retail businesses. The formulation of the problem in this study are as follows:

- a. How financial management has been implemented at food and beverage SMEs in Ponorogo
- b. How to design financial management procedures that are easily applied to SMEs

The main objective to be achieved in this research is to explore further information about the existence and evaluation of the financial management modes conducted by SMEs. While specifically, this research aims to develop a design (model) of financial management procedures that is easy to implement SMEs. Based on the results of this study, it is expected to find suitable models and designs for financial management procedures that are easily applied.

2. Literature Review

Micro Small and Medium Enterprises

As mentioned in the Law No. 20 the year 2008 about SMEs, it is stated that the Small Business Medium-sized Producer (SMEs) is a business activity that is able to expand the field of work and provide economic services in the form of economic growth, according to the year:

- a. Microbusiness is a productive activity, belongs to individual emperors and/or business entities that meet the micro-business criteria in accordance with applicable laws and regulations.
- b. Small business is a productive economic activity that is done by individuals and business people who are not companies or business people from middle and small businesses.
- c. Medium-sized businesses are productive economic businesses, carried out by individuals or business entities with a total wealth of more than Rp. 500,000,000 and at most Rp. 10,000,000,000.

In its development in accordance with FAS-SMEs, the SMEs business can be in the form of an individual business or a business entity. However, the concern is that micro-businesses are not subsidiaries or branches of business. As a productive economic business unit, SMEs must be able to conduct financial management properly. Therefore, the SMEs should first think about having bookkeeping that will generate financial statements by providing financial information, financial performance, and cash flow reports that have an end result in financial reporting.

Accounting System

Procedure manuals in the accounting cycle are the recording of procedures and policies for handling financial transactions (Bastian, 2007). The latest product of accounting procedures is financial reporting. Financial statements will be beneficial to various parties to make decisions. For business people, financial statements can be used to plan and control. As a result, the effort can measure the profitability and development of the accounting system itself (Bastian, 2007). Furthermore, it is also explained that the accounting system aims to ensure that all financial data and economic transactions are inputted correctly into accounting records, as well as reports that need to be presented accurately, reasonably, and in a timely manner. Meanwhile, Siswanto (2012) describes the accounting system as an organization of forms, notes, and reports that are coordinated in such a way as to provide the financial information needed by management to facilitate the management of the company. Thus the accounting system can be regarded as an important procedure for flowing information on all components of the organization. This information is used for the preparation of financial statements and decision making.

According to Burch and Garry (1991) in Rachman and Sularto (2011) system development is the process of changing or modifying all or part of an information system. In the development of information systems processes can be divided into three stages, namely 1) system analysis, 2) system design, and 3) system implementation. The accounting system implemented in the entity (business) can help the entity to protect business assets and facilitate the financial management process.

SMEs Accounting Standards

According to Kurniawati, Nugroho, and Arifin (2012) SMEs should now start thinking about having a book that can produce financial statements by providing information on the financial position, financial performance, and cash flow statement of an entity whose end result is financial statements. In order for an entity's financial reporting to have an information value, is reasonable, and can be accounted for, the Institute of Indonesia Chartered Accountants compiles and enforces accounting standards that can be used as guidelines for the preparation of financial statements in Indonesia.

The point of concern is the Accounting Standards, which are official statements and issued by the competent authority regarding the concepts, principles, and methods established as the main

guidelines for accounting practices (Suwardjono, 2001). Accounting standards govern the standards of recording, recognition, measurement, and disclosure and reporting. For large-scale companies and small companies, the accounting cycle applied is the same, the only difference being the standard used. Since 2012 in Indonesia large-scale companies have used Financial Accounting Standards which have converged with international standards (Yudhanti and Racmawati, 2013)

However, existing accounting standards are more likely to be applied to large companies. All components and accounts in accounting standards are very difficult to use in small and medium sized enterprises because of limited resources. The Accounting Standards Board in Indonesia then prepares and enforces Financial Accounting Standards (FAS) that are simpler so that they are easily understood by small and medium businesses. In 2009, FAS of the Indonesian accounting standards for non publicity accountable was adopted and in 2018 FAS-SMEs was effective, with a simpler financial reporting format and uncomplicated recording procedures.

Accounting standards for small and medium businesses that are simpler in their application are used financial accounting standards for the Indonesian accounting standards for non publicity accountable. Paragraph 1 of financial accounting standards for the Indonesian accounting standards for non publicity accountable 2009 mentions Financial Accounting Standards (FAS) for the Indonesian accounting standards for non publicity accountable intended for use by entities without public accountability. Entities without public accountability are entities or businesses that have the following characteristics:

- a) lacks significant public accountability; and
- b) publish financial statements for general purposes (general purpose financial statements) for external users. Examples of external users are owners who are not directly involved in managing businesses, creditors, and credit rating agencies.

As of January 1, 2018, the Accounting Standards Board issued **Financial Accounting Standards for Small and Medium Sized Enterprises (FAS-SMEs)** that are specific to small and medium businesses. Most of this SMEs are small business actors who have business prospects but do not have good access to funding sources, especially banks on the grounds that this SMEs does not have an acceptable financial statements as a basis for banks or other financial institutions to be able to provide loan funds (Bellford, 2017). In accordance with the 2018 FAS-SMEs, SMEs is given freedom in the entity's financial recording patterns. However, the thing to note is that in recording it still uses the accounting principle. The principle of accounting should be noted that SMEs must meet basic assumptions, namely recording with basic accruals (as they occur), business entities, and business continuity.

In terms of financial reporting, in accordance with FAS SMEs, micro-entities are not required to prepare financial statements as large-scale private businesses. FAS-SMEs regulates that SMEs is only sufficient to prepare a Balance Sheet and Income Statement. Balance sheets provides information about all the assets owned by SMEs currently and the sources of wealth/assets. While the income statement presents information on business activities in order to obtain profit. As a complete financial statement, it is necessary to record the Notes to the Financial Statements (CALK) as an inseparable part of the financial statements. Notes to the Financial Statements (CALK) provide comprehensive information about the principles, accounting methods used by the entity in the preparation of each financial statement post.

3. Research Method

Research focus

In this study, using a qualitative approach with the intention to obtain a picture of the model and design suitable for **financial management procedures that are easily implemented by SMEs in**

Ponorogo Regency. Thus this study uses SMEs actors in Ponorogo, especially SMEs in the food and beverage sector. In order to make it easier to analyze the data, 10 informants of food and beverage SMEs in Ponorogo were used to further carry out in-depth interviews.

The function of determining the focus in this research is to meet the inclusion-exclusion (input and expenditure) criteria of information obtained in the field. With the focus of research, a researcher can find out which data needs to be taken from the data collected (Moleong, 2001). By paying attention to the information above and referring to the existing problems, and from the results of previous studies, the focus of this study is the SMEs in Ponorogo Regency. To make it easier to analyze SMEs problems, the subjects of this study are focused on SMEs actors in the food and beverage sector in Ponorogo Regency. Considering that food and beverage SMEs currently dominate in terms of economic movements in Ponorogo and are related to the people's primary needs.

Determination of Research Locations

According to Moleong to determine the location of the research it is necessary to consider the suitability of the location with the theoretical framework, consider operational techniques, namely whether or not the location can be entered and examined more deeply, and the possibility to approach its social structure. Then geographical limitations, time, cost, energy must also be considered.

The location of this research was conducted in the area of Ponorogo Regency, and the object of research in this study was the SMEs of food and beverage in the area of Ponorogo Regency. The selection of the study area was carried out purposively, namely the deliberate selection of research sites with a view to finding an area that was relevant to the purpose of the study. Therefore research the thing that is considered by the object of this research is that the problems faced in this place are more complex than the problems faced by other places.

Research design

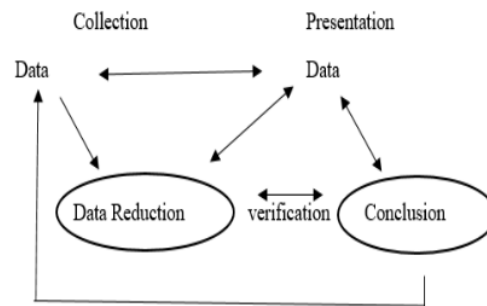
This research was conducted with a detailed method of observation of objects or people, both at one time or several other times. This study uses qualitative data to explain the circumstances that occur. As one of the research methods, case studies are used in many situations to contribute to science, for individuals, groups, organizations, social and politics, as well as phenomena related to one another. The case study in this study was taken by the number of SMEs entrepreneurs who did not use the recording of business transactions scientifically using accounting knowledge. As stated by Wafirotn and Sumarsono (2016) that there are still many SMEs actors who do not prepare financial statements at all, this is very alarming, because with the financial statements will be known how much assets are owned, how much profit/loss obtained during a certain period, and how the development of the business carried out.

Data and Data Sources

Documents as data sources are based on primary data obtained from food and beverage SMEs in Ponorogo through in-depth interviews. Conducting in-depth interviews so that researchers can obtain information about food and beverage SMEs problems in preparing financial statements. By conducting in-depth interviews the researcher will find out other issues that underlie SMEs in managing their business finances.

Data analysis

Data analysis techniques that will be used in this study refer to interactive model analysis which consists of three components of analysis, namely data reduction, data presentation, and drawing conclusions (Miles and Hubberman, 1992). Simplification in the data analysis method, presented in the following chart:



Source: Miles and Hubberman (1992)

Besides this research is using a qualitative approach. The research approach used in this study is a qualitative approach because according to Kirk and Miller in Moleong, (2001) qualitative research is a particular tradition in social science that fundamentally depends on human observation and its own region and is associated with these people.

This research is more analytical descriptive research, in the sense that this research does not stop only at the stage of distributing data, facts and field findings. In the implementation of information/data tracing will be developed by providing adequate interpretation on the basis of the results of the analysis of the facts found. In addition, the qualitative method is used in this study, in the sense that it does not intend to test hypotheses, but aims to describe social reality by giving a high weight by developing an analysis of rational interpretation as input for interested parties. The number of SMEs actors in Ponorogo selected as objects in this study was 10 SMEs with the following criteria: a). SMEs engaged in food and beverage; b) The business is micro, small and medium scale, c). Not able to carry out the stages in accounting activities; d). SMEs actors who are in strategic areas of food and beverage businesses.

4. Results and Discussion

General Condition of Research Area

Ponorogo Regency is one of the regencies in the Province of East Java Province. Ponorogo Regency has located approximately 200 km to the south of the capital of Surabaya Province. Ponorogo Regency is bordered by Madiun Regency, Magetan Regency, and Nganjuk Regency in the north, Pacitan Regency in the south, Pacitan Regency and Wonogiri Regency in Central Java Province in the west, and Tulungagung Regency and Trenggalek Regency in the east. The geographical condition of Ponorogo Regency is mostly in the lowlands, with temperatures of 27 degrees Celsius to 31 degrees Celsius. The area of Ponorogo Regency is around 1,371.78 km², consisting of 21 districts and 305 villages (BPS, 2019)

The population of Ponorogo according to Regency BPS data (2019) shows that in 2018 there were 870,705 people, consisting of 435/169 men and 435/536 women. Of the total population of Ponorogo residents who are at productive age, namely at the age of 15-65 years as much as 68% of the total population. However, the total dependency of 47% is a high level of dependency. This shows that every 100 people of productive age population must bear 47 people of non-productive age. This situation is a natural thing if later in Ponorogo Regency, the productive age population opens their businesses independently in small and medium sized enterprises (. SMEs in Ponorogo is part of the type of service businesses carried out by Ponorogo residents. Workers in Ponorogo who are absorbed in the SMEs service sector are 34.29%. The absorption of labor in SMEs is ranked second after the

agricultural sector. Thus it can be seen that the productive population in Ponorogo is largely absorbed by businesses in the agriculture and SMEs sectors.

Based on the 2019 BPS report it is known, that in the service sector/sector including the SMEs are food and beverage (BPS, 2019). A large number of SMEs in Ponorogo focusing on the food and beverage business is a natural thing. Moreover, this is supported by the consumption level of Ponorogo residents, whose 53.36% income is spent on food and 46.64% is spent on food. Then it becomes natural for food and beverage SMEs in Ponorogo to have a high growth rate.

This is the general situation of the research area, which is basically an agricultural area because most of the population has a livelihood as farmers and farm laborers. But as a carrying capacity in agriculture, Ponorogo grows and develops the food and beverage business as an effort to process agricultural products. On the other hand, food and beverage needs are the main needs of the community both in various types of age, and income levels. In Indonesia itself it is natural that in addition to main meals, it still requires snacks in between meals.

Research Result

Before knowing more about how the models and designs that are suitable for financial management procedures that are easy to apply for SMEs food and drinks Ponorogo, need to be done by grouping into several variables. In this study 10 SMEs samples were taken which were moving in the field of food and drink that tried in Ponorogo Regency. From the results of the research conducted, it was seen that there were 6 important variables that could describe models and designs suitable for financial management procedures which are easy to implement SMEs. The six variables studied were business length (initial year of starting a business), type of business informant), initial capital needed, additional capital, turnover per day, and financial reporting.

a. Duration of Business (Year of initial business start)

Business activities carried out by informants in starting their businesses vary. Some began to make SMEs in 1995, some in 2001 and others with different backgrounds. During this business period, SMEs in Ponorogo often changed the type of air transportation. This is done because it adjusts to market trends at the time the business is conducted. However, despite changing efforts remain in the food and beverage sector

b. Type of Business Informant

If it is noted that SMEs informants are only focused on two fields, namely SMEs engaged in food and beverages. From the research results obtained by the diverse food and beverage service industry. The most current business is a coffee shop, then *pecel* rice which is an icon of the Ponorogo Regency. In addition, there are also informants who produce foodstuffs such as the production of tofu boxes, onion crackers, tempeh, etc.

c. Initial Capital needed

Based on interviews with informants, it was found that the amount of initial capital used to do business for SMEs varied greatly. There is an initial capital of Rp. 100,000 to Rp. 300,000,000 depending on the type of business. If the business is of a micro-type business, the initial capital used is relatively small. Meanwhile, if the business is a medium business type, the business capital used is relatively large. From the 10 informants interviewed, it is known that the source of capital started its business/All SMEs informants in this study got the initial capital of the businesses of food and beverage SMEs originating from their own capital.

d. Additional Capital

In doing business, the informants (food and beverage SMEs) apparently still also use capital assistance from other parties. The amount of funds borrowed depends on the type of business it is engaged in. In obtaining loans from financial institutions, food and beverage SMEs still use the

owner's personal name. This is done because SMEs has not yet prepared financial statements. So they do not get business loans from financial institutions.

e. Turnover per Day

Based on information obtained at the time of the research interview, it is known that the amount of turnover from the results of the work done per day varies, depending on the type of business carried out. There are those who earn hundreds of thousands of rupiah per day. And there is also a turnover per day to millions of rupiah. From the 10 informants used in this study, it is known that there are 50% SMEs of getting daily turnover in the range of Rp 250,000 - Rp 900,000. Informants who have a daily business turnover of Rp 1,000,000 - Rp 5,000,000 are 50%.

f. Financial statements

The majority of informants in recording the report have done it, although there are still those who use a very simple method, by recording the entry and exit of operating money. Although there are also those who do the recording in more detail. The recording is done, of course, only limited to the entry and exit of money. Whereas activities related to assets/assets, debt, and non-cash capital are not recorded properly. The impact caused by such a recording system, the perpetrators of food and beverage SMEs cannot compile financial statements, especially those in accordance with applicable Financial Accounting Standards. Even many SMEs practitioners who do not understand the correct financial statements, do not know about accounting standards. This condition is because their educational background is high school graduates and do not have a background in economics. In addition, there has never been assistance from various parties for assistance in preparing financial statements, and socialization of accounting standards as issued by the Institute of Indonesia Chartered Accountants. The knowledge the informant has is how to keep this business going, capital money already spent can be returned. Moreover, there were 8 people (80%) of SMEs who had food and beverage products that did not last long. So that SMEs tends to try to have all their products sold on that day.

Discussion of Results

From the results of the research conducted, it appears that there are 6 (six) important variables that can describe models and designs that are suitable for financial management procedures that are easily implemented by SMEs. The six variables studied were the length of business (starting a business) and type of business (activity), initial capital, additional capital, financial statements, and turnover per day, expectations and desires related to financial statements. The following will be discussed one by one from the variables above so that it looks informal business sector which is also commonly referred to as street vendors.

a. Duration of Business (Year of commencement)

Business activities carried out by informants in starting their businesses vary. Some started SMEs activities in 1995, some in 2001 and others with different backgrounds. This condition reflects that the activities carried out varied greatly. As was done by Ibu Sriana who started a business in 1995. By opening a grilled chicken business, Ibu Sriana tried to increase the family economy. Others opened a business in 1998, Mr. Sarnu started a business to make onion crackers. Some even started a business in 2019, as did Riska by opening a *geprek* chicken business. Although including a medium-sized business, but Riska tried to want to become an entrepreneur by opening the flat chicken business. By looking at such conditions, indeed business activities began in different years with different backgrounds. The success of business development also depends on the length of business and the trend of community needs when the business is run until now.

b. Type of Informant Business

If it is noted that the informants of SMEs actors are only focused on two fields, namely SMEs engaged in food and beverages. They think that the SMEs business for food and drink is very

promising because it is a major obstacle. Some informants focus on one type of business, there are two types of businesses (food and beverages). As was done by Suroso who only produces tofu boxes which are SMEs in the food sector. Because he does have the ability to produce tofu, he only focuses on food SMEs, namely the production of boxed tofu. Different from what is done by Slamet who is engaged in the field of SMEs, namely by making soy milk. Because he is an expert in making soy milk, so he focused on SMEs drinks. Another with Joko who tried in SMEs activities in two fields, namely food and drinks. By making a restaurant, he suddenly only produces goods in one area, but also in other fields. He made food and drinks as a compliment.

c. Initial Capital Required

Based on the results of the interview, the initial capital used to try for SMEs varies greatly. There is an initial capital of Rp. 100,000 pieces of Rp. 300,000,000 depending on the type of business. If the business is of a micro-type business, the initial capital used is relatively small. While if the business is a medium business type, the business capital used is relatively large. This situation can be considered very reasonable. This is because starting a business requires an adequate initial mode. Considering the business that is carried out in the informal sector, the cost or initial capital is also not too large. As the findings of this study show there are hundreds of thousands of rupiah in their initial venture capital, some even in the tens of millions of rupiah. This is acceptable because in the informal sector the initial capital needed is not too large. As seen in the characteristics of the informal sector released by the International Labor Organization (ILO), the business capital used in the informal sector is not large.

d. Additional Capital

In doing business, the informants (SMEs actors) apparently still use capital assistance from other parties. The amount of funds borrowed depends on the type of business it is engaged in. If the business is small, meaning that it only sells using a cart or stalls as simple as possible, then the loan amount is under Rp. 500,000. If the food and beverage business requires a large amount of material, a large place of business, or a piece of large equipment, the loan can balance an amount above Rp. 1,000,000. Because they feel they still need capital or additional funds, the SMEs actors will make additional capital from several parties. There are those who add capital by borrowing from you, as did Suroso, the owner of the tofu box business in *Babadan Ponorogo*. Likewise, the business owner of Koji Kopi does not make loans to banks but borrows money from fellow businessmen.

There are also those who add their capital to loans from banks, as Joko did to open a restaurant. The results of the study showed that many SMEs did increase capital to increase the business they did. But the entrepreneurs are always careful in getting loans from the bank. Based on the results of an interview with Joko, loans to banks in order to buy equipment for his business, given Joko's business in the field of foodservice.

Even so, there are still many food and beverage SMEs players who persist in surviving by relying on the results of their own efforts to increase business capital. As was done by Ibu Sriana who presented the business of grilled chicken and Tris with the "Trup" chips. They revealed that they were still holding out with business capital turnover by eliminating part of the profits to increase business capital. In addition to having limited loan conditions at the bank, they also had the principle that if borrowing money at a bank had to bear interest and if it was calculated the results would be difficult to cover monthly installments.

e. Turnover per day

The results of this study indicate that the magnitude of the turnover of the results of the business carried out per day varies, depending on the type of business carried out. There are those who earn hundreds of thousands of rupiah per day. And there is also a turnover per day to millions of rupiah. The results of this business turnover depend on the product produced and the selling price

of the product. For coffee shop entrepreneurs, fruit juices, ice *dawet*, asset per day business Rp 250,000 - Rp 500,000 this is considering selling only with a small shop and the selling price of the product is not more than Rp. 2,000 for coffee and ice *dawet*. While fruit juice is only valued at Rp 5,000. These sellers cannot make sales overnight because of the stock and weather conditions that will affect it. Meanwhile, *Krupukterasi* which is sold in the market can reach an onset of Rp 1,000,000 per day. For restaurant and catering owners, they have a large turnover because the product selling price is more than Rp 15,000 per share, has a fixed and convenient business location.

f. Financial statements

The majority of informants have recorded financial statements, although there are still those who use a very simple method, by recording the entry and exit of operating money. Although there are also those who do the recording in more detail. With regard to wealth and management of the business with own/owner ownership, the food and beverage SMEs of Ponorogo have not separated between private property and business. This is the main source of their difficulties in preparing financial statements. From the informants studied, only Joko who has compiled financial statements Joko has separated personal and business ownership, even Joko in managing his traditional restaurant already has accountants.

Meanwhile, for other food and beverage SMEs, there are some who have prepared financial statements and some who have not yet compiled. However, most only record cash in and out. SMEs food and beverage limited to human resources owned. Considering that in carrying out their business, they do it themselves, assisted by family members or some employees who have more product processing skills. SMEs does not have employees who have special financial skills, taking into consideration the inability to pay for financial personnel. Food and beverage SMEs in calculating profit or loss for business are only estimated. Provided that the money received is greater than what is used for spending that is a profit, according to the informants.

Seeing these conditions, the main problems for SMEs are 1) not separating private ownership from the business; 2) have limited employees in the financial sector; 3) limited capital; 4) recording on a cash basis; 5) more focus on the business can still be run; 6) There is no obligation from the government to prepare financial statements. With this problem, food and beverage SMEs cannot compile financial statements.

Financial statements can be prepared if the business actor separates business interests from personal interests. In this case, all assets, debts, and expenses for business are not mixed with personal needs. Second, financial statements can be prepared if the recording is done with a double-entry/accrual basic system, all cash and non-cash transactions are recorded in pairs. The matching notes as regulated in FAS-SMEs, even though simple, help facilitate the preparation of financial statements. Third, awareness of business actors for orderly financial administration and government support is still lacking.

Based on the results of the study, there are several hopes and desires related to the preparation of financial statements. There are those who hope that there will be parties who can help increase knowledge about financial statements that are more complete so that they can be clearer about financial statements relating to profit/loss. Some have a desire for more structured financial statements and more optimal results. Some even hope that financial statements will be more structured and in accordance with the times.

Entrepreneurs also hope that there are institutions/agencies both government and educational institutions that encourage food and beverage SMEs Ponorogo to always prepare financial statements. If needed they hope there is a mentoring program from the educational institution. Moreover, the

resources for accounting personnel are still very weak and the results of operations are not enough to pay special accounting personnel.

5. Conclusion

Based on the results of the research analysis, the conclusions that can be delivered are:

- a) SMEs actors in Ponorogo Regency have experienced quite good development from year to year
- b) Based on long aspects of its business on average food and beverage business that is run by informants for more than 10 years, with stable business development and does not have a significant development
- c) Based on the type of business, most sell food and beverages that are ready to serve. Type of business that is run because it is in accordance with the ability and expertise of the owner of the business.
- d) Based on aspects of initial capital, initial capital is own capital
- e) Based on additional capital, some use additional capital from banks, and most of it is own capital from the provision for sale
- f) Based on the turnover per day, the SMEs daily and food turnover varies but is already relatively high.
- g) Aspects of financial statements, SMEs, amnesty, and beverage have not been able to compile financial statements that are in accordance with FAS-SMEs because of limited knowledge, special personnel, and time to prepare them.
- h) Support from various parties that encourage SMEs food and beverages
- i) To compile financial statements are still lacking

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