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Analysis of Financial Reports at BUMDES Tambaksari Village, Rubaru District, Sumenep Regency Based on SAK ETAP

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ABSTRACT

This study aims to assess the compliance of the financial statements of Village-Owned Enterprises (BUMDes) in Tambaksari Village with the Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP). It adopts a qualitative research approach, conducting thorough observations and analysis of BUMDes financial statements. Data collection methods include descriptive qualitative techniques, interviews, documentation, and literature studies pertaining to SAK ETAP-based financial reporting. The findings reveal several challenges, notably the non-compliance of financial statements with SAK ETAP and a lack of awareness among BUMDes in Tambaksari Village regarding financial report analysis, attributed to limited knowledge.

Keywords: BUMDes, Tambaksari Village, Financial Statements, Financial Accounting Standards, SAK ETAP

1. Introduction

Village-Owned Enterprises (BUMDes) are highly essential within rural communities as they are expected to enhance welfare and stimulate economic growth among villagers (Sofyani et al., 2019). Therefore, it is imperative to effectively utilize and manage BUMDes to ensure equitable economic development in rural areas. The establishment of Village-Owned Enterprises (BUMDes) plays a very important role in empowering the economy of village communities so that it can make it easier to deal with the economic difficulties of rural communities. Therefore, Village-Owned Enterprises (BUMDes) which are fully managed together with the village government, are an effort to strengthen the economy and increase the village's potential. So that prosperity and prosperity will be achieved by the village community.

The village government's obligation is to jointly invite village communities to explore the village's potential and its rich natural resources, as the main capital in growing the village community's economy (Suleman et al., 2020). Apart from that, Village-Owned Enterprise (BUMDes) programs can contribute to improving the village economy, especially community welfare and village prosperity, as well as road repairs, MSME businesses, and so on. Villages have an important role in efforts to achieve national development because the Indonesian population tends to live in rural areas. Villages are the smallest units in the Indonesian government system, so the process of achieving national development will be maximized if it starts with regional/village development in accordance with the potential that exists in that region or village. According to the Village Law (UU Number 6 of 2014), a village is a legal community unit that has territorial boundaries,

which has the authority to regulate and manage government affairs, the interests of local communities based on community initiatives, original rights, and/or recognized traditional rights. and respected in the Government system of the Unitary State of the Republic of Indonesia (NKRI). As representatives of the state, villages are obliged to carry out development, both physical development and human resource development, as an effort to improve the quality of life and life for the greatest welfare of village communities (Jayanti, 2018).

Therefore, in order to increase the level of growth or development of villages evenly so that village communities do not depend on government assistance alone. The government has taken the initiative to create BUMDes institutions so that village communities are more prosperous and independent. In accordance with Minister of Home Affairs Regulation Number 39 of 2010 concerning Village-Owned Enterprises, which states that *"To improve village government finances in administering government and increase community income through various economic business activities in rural communities, Village-Owned Enterprises (BUMDes) are established in accordance with potential needs village"*. So the village government formed BUMDes with village regulations that were guided by regional regulations. These regional regulations emerged with Law Number 12 of 2008, Amendment to Law Number 32 of 2004 concerning Regional Government which states that: *"in order to realize the mandate of the 1945 Constitution of the Republic of Indonesia, the administration of regional government is directed to be able to giving birth to effective regional leadership by paying attention to the principles of democracy, equality, justice and legal certainty in the system of the Unitary State of the Republic of Indonesia."*

Therefore, the district/city government, loans or capital participation from other parties or cooperation for profit sharing and mutual benefit (Munawir, 2010) Munawir. As well as village fund allocation funds intended for villages that previously received BPD approval. The Village Revenue and Expenditure Budget (APB) is the village government's annual financial plan which will be discussed jointly by the village government and the BPD. Apart from that, in the formation of BUMDes in accordance with Law No. 32 of 2004, villages can establish BUMDes according to village potential. Also BUMDes is one of the institutions that collects village finances. So that village finances are used appropriately for village independence. This will provide positive energy to the village community, thereby achieving village prosperity.

Tambaksari Village, located in the Rubaru District of Sumenep Regency, recently established a Village-Owned Enterprise (BUMDes) with the aim of promoting equitable economic development within the village community. By bolstering the local economy, the village aims to enhance its economic potential and overall well-being. BUMDes plays a pivotal role in this endeavor by empowering the community and leveraging local resources effectively. Established in 2018, BUMDes Tambaksari has significantly contributed to increasing the village's revenue. Among its initiatives are the development of a football field and the establishment of savings and loan programs. Despite the construction of the football field, it remains largely unused due to incomplete renovations, underscoring the ongoing financial challenges faced. Thus, there is a critical need for financial analysis to ensure proper allocation of government funds, thereby addressing any disparities in village finances and fostering balanced development.

2. Literature Review

2.1. Village Owned Enterprises (BUMDes)

Regulation of the Minister of Villages, Development of Disadvantaged Regions and Transmigration of the Republic of Indonesia Number 4 of 2015 concerning the Establishment, Management, Management and Dissolution of Village-Owned Enterprises, does not specifically regulate the types of business that are permitted to be carried out by BUMDes (Nugroho & Suprpto, 2021). In other words, the government and village communities are given special autonomy in regulating BUMDes activities or types of business as long as they comply with statutory regulations. As the lowest governance entity in the domestic government architecture, village dynamics can be an indicator of national development performance, both as an object and a subject of development. All the positive and negative aspects can be seen from the conditions at the village level. However, it is realized that the strategic role of villages as the spearhead of national development has become marginal due to various anti-village development policies. In village development, it is very important to maintain village balance with an ecological village approach which focuses on achieving elements of sustainable development at the village level.

In Law Number 6 of 2014 concerning villages it is also stated that "*Villages can establish Village-Owned Enterprises*". The establishment of the business entity is guided by statutory regulations. This is an important and invalid part of the authenticity of village autonomy. To drive the village economy which is characterized by a collective spirit and mutual cooperation, villages can establish BUMDes. BUMDes are managed in a spirit of kinship and mutual cooperation. BUMDes can run economic and/or public service businesses in accordance with statutory provisions.

The establishment of BUMDes is intended to carry out the village's duties in carrying out production branches which are important for the village and which affect the lives of many people (Adilah & Rani, 2020). BUMDes business results are used for business development, village development, empowering village communities, and providing assistance to poor communities through grants, social assistance, and revolving fund activities stipulated in the Village Revenue and Expenditure Budget. BUMDes is a business entity whose capital is entirely/mostly owned by the village through direct participation from village assets which are separated to manage assets, services and other businesses for the welfare of the village community, with the aim of establishing BUMDes being to increase the community's ability to control the economy. in the village for the greatest welfare of the community, and economic independence at the village level.

Village-Owned Enterprises can make loans in accordance with statutory regulations after obtaining written approval from the Village Consultative Body (BPD) after a special meeting has been held for that purpose (article 80). Further provisions regarding the procedures for establishing and managing BUMDes are regulated by district/city regional regulations which contain the form of legal entity management, rights and obligations, capital, business profit sharing, cooperation with third parties, management and accountability mechanisms (article 81). As a technical regulation that further describes BUMDes as regulated in the two statutory regulations, Minister of Home Affairs Regulation Number 39 of 2010 concerning Village-Owned Enterprises for the purpose of establishing BUMDes is the existence of articles of association and bylaws. BUMDes development activities are intended as an effort to encourage the growth and development of village economic institutions into BUMDes to accommodate community economic activities, both those that develop according to local customs/culture, as well as economic activities that are handed over to be managed by the community through government and regional government programs/projects.

The hope with the existence of BUMDes is the formation of new businesses rooted in existing resources and the optimization of existing village community economic activities. On the other hand, there will be increased business opportunities in order to strengthen village autonomy and reduce unemployment. As a business institution that is jointly managed by the community and village government, in an effort to strengthen the village economy, BUMDes must essentially reflect the overall social system, without ignoring the diversity of basic needs and desires of individuals and social groups within it.

2.2. Financial statements

The definition of a financial report is a structured presentation of the financial position and financial performance of an entity. Financial reports are the final result of the recording process which is a summary of financial transactions that occurred during the financial year in question (Harahap, 2016). In general, the financial report consists of a balance sheet and profit and loss calculation as well as a report on changes in equity. The balance sheet shows/describes the total assets, liabilities and equity of a company on a certain date. Meanwhile, the profit and loss calculation (report) shows the results that have been achieved by the company as well as the expenses that occurred during a certain period, and the change in equity report shows the sources and uses or reasons that cause changes in the company's equity.

IAI (2018) explains that the purpose of financial reports is to provide information regarding the financial position, financial performance and cash flow reports of an entity which is useful for the majority of users of financial reports in making economic decisions (IAI, 2018). Anyone who is not in a position to request special financial reports to meet specific information needs. In fulfilling its objectives, financial reports also show what management has done (stewardship) or management's responsibility for the resources entrusted to it. Generally accepted accounting standards are called Financial Accounting Standards (SAK). SAK in Indonesia is prepared by the Indonesian Accountants Association (IAI) through the Financial Accounting Standards

Board (DSAK). IAI is a professional organization that accommodates accountants in Indonesia and has a role in preparing SAK (Bahri, 2016).

SAK is a guideline for preparing and presenting financial reports. IAI has published Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP). With the existence of SAK ETAP, small companies such as SMEs do not need to make financial reports using the applicable general PSAK. In several cases SAK-ETAP provides many conveniences for companies compared to PSAK with more complex reporting provisions. In accordance with the scope of SAK-ETAP (Financial Accounting Standards for Entities Without Public Accountability) it is intended for use by entities without public accountability. SAK ETAP aims to create flexibility in its implementation and is expected to provide ETAP with easy access to funding from banks. SAK ETAP is a stand-alone SAK and does not refer to General SAK, most of which use the historical cost concept; regulate transactions carried out by ETAP; a form of arrangement that is simpler in terms of accounting treatment and remains relatively unchanged over several years.

3. Methodology

This type of research uses descriptive qualitative research, namely analyzing data in the field and using existing theories as support to obtain results and conclusions. This research obtains accurate, clear data. Primarily in analyzing the financial reports at the Tambaksari Village BUMDes itself in the form of APBDes data/financial reports.

4. Results and Discussion

A brief history of BUMDes in Tambaksari Village, Rubaru District, Sumenep Regency, Madura, East Java, began with an initiative from the community and village government which wanted to establish BUMDes so that rural communities, especially Tambaksari Village, Rubaru District, Sumenep Regency, were more independent and prosperous in economic terms. Apart from that, utilizing existing village potential as an additional village income budget. As well as adding income, as well as growing the rural economy and increasing Village Original Income. BUMDes Tambaksari Village provides convenience for the community in saving and borrowing to improve their business.

The date of establishment of the Village-Owned Enterprises (BUMDes) in Tambaksari Village, Rubaru District, Sumenep Regency was January 1 2018. At that time there was still limited knowledge regarding the management of Village-Owned Enterprises (BUMDes), especially Tambaksari Village, resulting in Village-Owned Enterprises (BUMDes) not running. (vacuum), as well as the BUMDes management process not being as desired. However, the village head held discussions between the community and local shops to make the BUMDes functional again. So that in the future Village-Owned Enterprises can be enjoyed and utilized by all village communities.

The condition of Tambaksari Village-Owned Enterprises, Rubaru District, Sumenep Regency is now better, the community is enthusiastic when BUMDes makes improvements to the needs of local village communities, both economic and social needs. As well as in developing village community businesses that are run. One of the businesses run by the Tambaksari Village Owned Enterprise, Rubaru District, Sumenep Regency includes savings and loans, agriculture, furniture and others.

Based on interviews and observations in the field at BUMDes in Tambaksari Village, Rubaru District, Sumenep Regency, regarding financial reporting problems that occur in BUMDes business units that do not yet have financial reports determined by the IAI, this is in accordance with the financial report that has been prepared by the management of BUMDes in Tambaksari Village, Rubaru District, Sumenep Regency. Where the financial reports are still not detailed because they only make reports such as expenses and income each month, they only make profit and loss reports. In the financial management of the Tambaksari Village BUMDes, Rubaru District, Sumenep Regency, it must be managed by the Tambaksari Village BUMDes management. The financial report refers to financial accounting standard guidelines, namely SAK ETAP.

The following is the financial report of BUMDes Tambaksari Village, Rubaru District, Sumenep Regency.

Table 1. Tambaksari Village BUMDes financial report

Tambaksari BUMDes Business Results Calculation Report	
Rubaru District, Sumenep Regency	
As of December 31, 2018	
A. INCOME	
Income	397,261,000
Administrative Revenue	9,750,000
Fine Revenue	7,800,000
Total Income	414,811,000
Loan Principal	317,808,800
Gross Business Proceeds Left	97,002,200
B. OTHER COSTS	
Training Load	1,200,000
Wages Expense	21,600,000
Utility Expenses	6,000,000
Profit Sharing Expenses	31,780,880
Total Expense	60,580,880
Remaining Business Results	36,421,320

Source: BUMDES Tambaksari Village

Based on the data presented, the BUMDes of Tambaksari Village, Rubaru District, Sumenep Regency uses financial reports to calculate business results which still use simple methods. Where the results are not subject to tax. This is not in accordance with SAK ETAP, even though the transactions are clear and there is not too much activity other than routine monthly expenses. Meanwhile, the balance sheet report for BUMDes Tambaksari, Rubaru District, Sumenep Regency is below:

Table 2. Balance Report of BUMDes Tambaksari Rubaru Sumenep

BUMDes Balance Report for Tambaksari Village, Rubaru District			
Sumenep Regency			
As of 31 Dec 2018			
Activa / Assets		Passiva	
Cash	Rp. 231,721,277	Loan	Rp. -
Savings and Loans Receivables	Rp. 207,829,000	Final Capital	Rp. 439,550,277
Total Activa	Rp. 439,550,277	Total Pasiva	Rp. 439,550,277

Source : BUMDes Tambaksari

BUMDes Tambaksari Village, Rubaru District, Sumenep Regency has a system for recording balance reports in a simple way. This can be seen because the BUMDes Tambaksari balance sheet only includes 3 of the 10 minimum items that must be in the balance sheet based on the conditions that apply to SAK ETAP. From the balance sheet report, it is known that the assets owned by BUMDes Tambaksari Village only consist of cash and savings and loan receivables, while liabilities consist of final capital.

5. Conclusion

In conclusion, the analysis of the financial reports revealed that the BUMDes of Tambaksari Village, Rubaru District, Sumenep Regency lacked presentations on changes in equity, cash flow, or financial report notes. This deficiency highlighted several obstacles encountered during the research process. Firstly, the application of financial reporting for BUMDes in Tambaksari Village remains rudimentary, with various aspects of the reports not being correctly implemented. Consequently, analyzing the financial reports proved challenging due to incomplete financial bookkeeping and supporting data. Journaling required scrutiny of

evidence for cash disbursement transactions related to loans made by members, community, or groups associated with the BUMDes. Secondly, it was evident that the financial reports of BUMDes in Tambaksari Village did not align with SAK ETAP standards.

Moving forward, based on the findings of this research conducted at Tambaksari Village's BUMDes, several recommendations are proposed. Firstly, recognizing the significance of financial reports for internal and external stakeholders, it is imperative for BUMDes in Tambaksari Village to promptly align their financial reports with SAK ETAP standards. Secondly, there is a need to present comprehensive financial reports that adhere to the prescribed regulations, encompassing all relevant sections from the balance sheet to the report's notes. This approach aims to provide users of financial reports with transparent insights into the organization's financial status, facilitating informed decision-making and performance evaluation processes.

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