

ABSTRACT

The purpose of this study is to determine the suitability of the application of accounting applied by Textile Stores in Pekanbaru City District with the basic concept of accounting. This type of research is a qualitative descriptive study where the object of research is the Textile Store Business in Pekanbaru City District, the types and sources of data used in this writing are 1) Primary Data, where data is obtained directly from respondents through interviews and questionnaires. 2) Secondary Data, data obtained from agencies related to the management of Textile Businesses and from respondents obtained notebooks to record transactions. After being poured into a table and will be described descriptively so that it can be known whether Textile Store entrepreneurs in Pekanbaru City District have applied the basic concept of accounting. Based on the results of the discussion and research that has been done, it can be concluded: Textile Store entrepreneurs have applied the basic concept of accounting, namely the basic cash-based recording, but have not applied the concept of business continuity, time period, business entity concept and matching concept. So it can be concluded with the existence of a simple recording system and there are still many unused recording books. Textile Store Businesses in Pekanbaru City District have not applied accounting in accordance with the basic concepts of accounting.

Keywords: Basic Accounting Concepts, UMKM and Textile Shop Business

INTRODUCTION

Accounting plays an important role in an entity because accounting provides useful information as a means of decision making carried out by company leaders in order to run the business operations themselves. Therefore, accounting is a system that provides important information that makes the assessment and implementation of a business effective.

Basically, small, medium, or large-scale business sectors or companies are established with the intention of carrying out a series of economic activities and activities, which are expected to obtain a profitable end result for the parties interested in the company. The results of the company's activities and activities will be described in a report made and presented by the company. In making this report, it is called a financial report.

According to Bank Indonesia in Aufar (2014:9) MSME is an Indonesian community business in the form of a sole proprietorship and not a legal entity. MSME is a place for developing economic activities that are the driving force in advancing development in Indonesia. (Primiana, 2009). Thus, MSME has a great influence on economic development in Indonesia by creating jobs, this can reduce one of the problems in Indonesia, namely unemployment.

More and more companies are found to be established by carrying out a series of activities to achieve company profits or benefits, where to do this accounting scientists have a very important role, both small and large companies. So with the existence of accounting science, the presentation of company reports can provide good information and can be used for parties who need it, both internal and external.

Financial reports as a tool for providing financial information must be prepared based on standards or guidelines and have been published by the IAI (Indonesian Institute of Accountants) in the form of SAK EMKM (Financial Accounting Standards for Micro, Small, and Medium Entities), so that the information

presented in the financial reports is information that is guaranteed to be fair and can be accounted for so that it can be used by interested parties as a consideration for economic and financial decisions.

According to the Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM), fair presentation of SAK EMKM financial reports includes: (1) Fair presentation, (2) Compliance with SAK EMKM (3) Frequency of reporting (4) Consistent presentation (5) Comparative information (6) Financial reports (7) Identification of financial reports.

Financial reports can be said to be adequate if they meet the following criteria: (1) Present reliable information on assets and liabilities (2) Present information on changes in the company's net assets as a result of business activities (3) Present information that helps users in estimating the ability to earn profits (4) Present other information that is appropriate for its users.

Financial reports are produced through the accounting process, the accounting process is a series of recording processes starting from the occurrence of transactions to the preparation of financial reports. The stages of the accounting cycle consist of: (1) Identification of transactions and evidence of transactions, (2) Recording in the general journal, (3) Posting to the general ledger, (4) Preparing a trial balance before adjustment, (5) Making adjustment journals, (6) Preparing a trial balance or work sheet, (7) Making financial reports, and (8) Closing and readjustment.

In relation to knowledge and development of small businesses, preventing skills in managing financial bookkeeping in accordance with basic accounting concepts is very important for business owners in running their businesses, both large and small businesses, which will have a direct impact on the process of developing the business. This step is very important because one of the weaknesses that often occurs in small businesses lies in the administration of recording. To improve the ability of financial managers, an understanding of accounting is needed. If applied properly, accounting can provide an overview of financial reports and all business activity controls and finally supervision can be carried out with the help of accounting reports.

There is one characteristic of small businesses that stands out, namely business management that is dominated by the business owner himself. This can result in the management of business finances without any separation between business finances and household finances. Whereas in the basic concept of accounting that underlies the form of content and composition of financial reports, it explains that there must be a separation between business finances and household finances which is known as the concept of a business entity.

In addition, entrepreneurs also tend not to prepare financial reports which are a source of accounting information in their business activities. This causes business owners to rarely get access to the information needed to take various actions in their business activities. There are many factors that cause entrepreneurs to tend to prepare financial reports, including the education factor of the owner who is also the manager and also the level of accounting information needs in each different industry, so that companies tend to only provide and use the accounting information they need in their business. To record transactions and at the same time as a source of data for preparing financial reports, a diary with a single accounting system (single entry) is used. According to Nurafiah (2009:6) what is meant by a single

accounting system (single entry) is the recording of economic transactions carried out by recording singly (not in pairs). The textile business is a business engaged in the trading sector and is a business that has a stock of finished goods, which sells various types of fabrics such as cotton, borcade, flannel, chiffon, jersey and various others. Opening a textile business can be a promising and profitable business opportunity, and has great potential when you can find the right market, where every year the textile business increases its sales due to the rapidly increasing need for fashion.

Previously, research on the application of accounting to small businesses has been conducted by previous researchers, the research was conducted by Humairoh in 2014, the title of the research was "Analysis of the Application of Accounting in Clothing Stores in Plaza Sukaramai Pekanbaru", the results of the research explained that the accounting reports carried out by clothing business activists at the Sukaramai shopping and wholesale center have not yet been adjusted based on financial standards for businesses without general accountants.

Meanwhile, Saputra in 2018 entitled "Analysis of Accounting Implementation in Clothing Fabric Shop Business in Pasar Bawah-Pekanbaru", the research results explained that it turns out that fabric business owners still mix household or personal finances with business finances. Research conducted by Ramadhani in 2017 entitled "Analysis of Accounting Implementation in Hijab Shop Business in Bukit Raya District" the research results explained that the implementation of accounting carried out by small businesses of Hijab Shops in Bukit Raya District is not in accordance with basic accounting concepts, because there are still entrepreneurs who have not applied basic accounting concepts in their businesses.

Textile Business Research in Pekanbaru City District is a business that has finished goods inventory. Based on the data obtained, there are 23 textile businesses in Pekanbaru City District. From the results of the initial survey that has been conducted on 3 (Three) Textile businesses, the following data was obtained:

At the Karan Textile Store located on Jalan Jend. Sudirman (Plaza Sukaramai), the owner of the Textile store records using a cash book, they record daily cash receipts consisting of cloth sales and cash expenditures consisting of employee salary payments, electricity payments, security operational costs and environmental cleaning payments into the cash book and at the end of the month they add up all their daily transactions and subtract their expenses.

At the Anda Lagi Tekstil Store located on Jalan Hasyim Ashari, from the data obtained, this business in recording cash income consisting of cloth sales and cash expenses consisting of employee salary payments, shop consumption costs, electricity costs, purchase of cloth materials, cleaning services and security operations, this shop records its daily income through receipts and this entrepreneur adds up all of its income in one month. At the Putra Empat Textile Store located on Jalan Jend. Sudirman (Plaza Sukaramai), from the data obtained, this shop records its daily transactions using a cash book, they record every cash income in the form of cloth sales and cash expenses consisting of employee salary payments, shop employee consumption costs, electricity costs, purchase of cloth materials and location security costs into the book, and at the end of the month add up all of its income, then calculate the income and subtract the remaining expenses from the results which are the shop's income .

METHOD, DATA, AND ANALYSIS

Research Object

This research was conducted in Pekanbaru City District. The object of this research is Textile Business in Pekanbaru City (UMKM) in Pekanbaru City District. Determination of the sample in this study used purposive sampling technique where the sampling was carried out based on certain requirements. The criteria for drawing samples in this study were based on the ownership of cash books or cash receipts and expenditures of respondents. And those who meet the criteria or will be used as samples in this study are 16 Textile Stores from 23 existing populations.

Operational Definition and Variable Measurement

Profit and Loss Elements

The profit and loss calculation provides information about the company's operating results in both profit and loss conditions. The profit and loss calculation that is taken into account is the income and expenses of an entity.

- a. Revenue, which is an inflow of assets or other enhancements in the assets of an entity or settlement of its liabilities during a period from delivering or producing goods, rendering services, or other activities that constitute the entity's central operations.
- b. Expenses are outflows or other decreases in an entity's assets or increases in its liabilities during a period, arising from delivering or producing goods.

Balance Sheet Elements

A balance sheet is a list of assets, liabilities and owner's equity on a specific date, usually a month or at the end of a year. The elements of a balance sheet include:

- a. Assets, namely economic value that may be obtained in the future or known to a particular entity as a result of past transactions or events.
- b. Liabilities are probable future sacrifices of economic benefits arising from current obligations of a particular entity to transfer assets or provide services to other entities in the future as a result of past transactions or events.
- c. Equity, which is the residual interest in an entity's assets after deducting its liabilities. In a business entity, this entity is the ownership interest.

Analysis of Basic Accounting Concepts

- a. The basis of recording, namely there are 2 types of recording, namely the cash basis and the accrual basis. The cash basis is where expenses and receipts are recorded when cash has been

received or disbursed, while the accrual basis is where expenses and receipts are recorded or recognized when the transaction is formed without looking at the cash issued or received.

- b. The concept of business unity, namely company financial information that provides information about the company's financial problems itself, company finances are separate from the owner's, employee finances, and from the directors' finances.
- c. The concept of continuity, namely that an entity will continue to conduct its business for an unpredictable period by preparing financial reports periodically.
- d. The concept of matching, namely small businesses may use cash basis because they have accounts receivable and accounts payable.
- e. The concept of time periods, namely the concept which states that accounting is a time period as a basis for measuring the progress or decline of a company, financial position or business results must be reported on a scale.

Data Analysis Method

The data that has been collected is then grouped according to its respective types. After being poured into a table and will be described descriptively so that it can be known whether Textile entrepreneurs in Pekanbaru City District have implemented accounting. Then a conclusion is drawn to be presented in the form of research.

RESULT AND DISCUSSION

Based on the results of the discussion that have been described in the literature review, as well as regarding the application of accounting starting from the definition of accounting, accounting cycle and basic accounting concepts, the application of accounting carried out in business activities will be discussed as obtained from the results of interviews, surveys, observations and questionnaires on textile entrepreneurs in Pekanbaru City District.

Transaction Recording Book

Cash Receipts and Disbursements

Table 1. Respondents Who Record Cash Receipts and Expenditures

No	Response Respondents	Amount	Percentage (%)
1.	Take notes Reception and Expenditure cash	16	100%
2.	No Take notes Cash receipts and disbursements	0	0%
Amount		16	100%

Data source Results Study Field

From the results of the research conducted by the author on 16 textile businesses that were used as samples, it was found that 16 respondents or 100% of the businesses had recorded cash receipts and expenditures.

Debt

Table 2. Respondents Who Record Debts

No.	Response Respondents	Amount	Percentage (%)
1.	Do Recording Account payable	0	0%
2.	No Do Debt Recording Business	16	100%
	Amount	16	100%

Data source Results Study Field

Debt can occur if there is a purchase of goods made on credit. From the results of the study, data was obtained that in 16 textile businesses in Pekanbaru City District, they did not record business debts or 100% of all transactions for purchasing goods from 16 textile businesses were made in cash.

Receivables

Receivables can occur if there is a sale of goods made on credit. From the results of the study, data was obtained that all respondents did not record receivables. This can be seen in table 3 as follows:

Table 3. Respondents Who Record Receivables

No.	Response Respondents	Amount	Percentage (%)
1.	Take notes Receivables	0	0%
2.	No Take notes Receivables	16	100%
	Amount	16	100%

Data source Results Study Field

From Table 3 above, it is known that textile entrepreneurs who do not record receivables are 16 respondents or equivalent to 100%. This is because all textile entrepreneurs make sales in cash.

Fixed Asset Recording

From the research results, data was obtained that there were entrepreneurs who recorded fixed assets and some who did not record fixed assets. This can be seen in table 4 as follows:

Table 4. Respondents' Responses Who Record Inventory

No.	Response Respondents	Amount	Percentage (%)
1.	Do Recording Asset Still	0	0%
2.	No Do Recording Asset Still	16	100%
	Amount	16	100%

Data source Results Study Field

From Table 4 above, it is known that all textile entrepreneurs in Pekanbaru City District who are the sample can be seen that those who do not record and depreciate fixed assets amount to 16 respondents or equivalent to 100%. From the results of interviews, respondents who do not record fixed assets gave the reason for not needing to record fixed assets because they do not know the use or benefits of recording fixed assets.

Profit and Loss Variable

Profit and Loss Calculation

From the research results it is known that the calculation of profit and loss is very useful in measuring how far the progress of the managed business is. This will be described in the table below as follows:

Table 5. Profit and Loss Calculation Period

No.	Period Calculation	Amount	Percentage (%)
1.	Which do profit and loss	16	1000%
2.	Which No do calculation profit make a loss	0	0%
	Amount	16	100%

Source : Data Results Study field

From the results of the study on 16 respondents, it was found that all textile businesses run by respondents had calculated profit and loss or 100%. Although the calculations carried out were still not in accordance with the concept of business unity, namely separating household (personal) expenses from business expenses.

Profit and Loss Calculation Period

From the research results, it is known that the profit and loss calculation period of the textile business run by respondents has the same period. This will be described in the table below as follows:

Table 6. Profit and Loss Calculation Period

No.	Period Calculation	Amount	Percentage (%)
1.	Every Day	0	0%
2.	Every Sunday	0	0%
3.	Every Month	16	100%
4.	Every Year	0	0%
	Amount	16	100%

Data source Results Study Field

From Table 6 above, it was found that all textile businesses that carried out the Profit and Loss calculation period which was calculated by calculating income and reducing expenses each month, there were 16 textiles or 100%.

Cost of goods sold

From the results of the study of 16 textile businesses that were respondents, it was found that all respondents had not recorded the cost of goods sold or 100% did not do so. The price of goods sold is obtained from the initial capital then added to the shipping costs or transportation costs.

Income

From the results of the study of 16 textile businesses that were respondents, it was found that all respondents had recorded their business income or 100%. Income recording was carried out so that respondents knew the profits obtained from each sale of goods made.

Cost

Based on the research data on 16 textile businesses that were respondents, the costs that are expenses of textile businesses and must be recorded by business owners are obtained. Table 7 describes the various costs incurred by respondents in managing textile businesses as follows:

Table 7. Calculation Cost in Profit Make a loss

No.	Costs	Y	T	Amount	Yes (%)	No(%)
1	Sale Cloth	16	0	16	100%	0%
2	Operational	8	8	16	50%	50%
3	Wages Employee	16	0	16	100%	0%
4	Rent a Shop	16	0	16	100%	0%
5	Purchase Cloth	16	0	16	100%	0%
6	Cost Electricity	16	0	16	100%	0%
7	Cost House ladder	5	6	16	31%	69%

Data source Results Study Field

From Table 7 above, it is found that textile businesses that calculate (1) cloth sales are 16 textile businesses or equivalent to 100%. Then, textile businesses that calculate (2) operations are 8 textile businesses or equivalent to 50%. Then, textile businesses that calculate (3) employee salaries are 16 textile businesses or equivalent to 100%. Then, textile businesses that calculate (4) shop rent are 16 textile businesses or equivalent to 100%. Then, textile businesses that calculate (5) cloth purchases are 16 textile businesses or equivalent to 100%. Then, textile businesses that calculate (6) electricity costs are 16 textile businesses or equivalent to 100%. And textile businesses that calculate (7) household costs (meal money, credit, cigarettes, gasoline, household cleaning tools and medicine) are 5 textile businesses or equivalent to 31%.

Respondents' Needs for Bookkeeping Systems

Textile entrepreneurs in Pekanbaru City District in the results of the study obtained that generally need a bookkeeping system to help in managing the business. The bookkeeping system is considered to be able to assess how much progress their business has made. This concludes that there are 16 respondents or 100% who stated that they need a bookkeeping system in the business they manage. However, the bookkeeping that is done is mostly still simple bookkeeping.

Uses of Bookkeeping Records

From the research results, it was obtained that with the existence of a bookkeeping system carried out by textile entrepreneurs in Pekanbaru City District, it is used by entrepreneurs in assessing the progress of their business and how far their business has made a profit or loss in their business. Although the bookkeeping records carried out are still classified as simple bookkeeping according to each respondent's understanding of bookkeeping, and are not yet in accordance with the basic concept of accounting.

Analysis of Basic Accounting Concepts

Concept of Business Unity

The concept of business entity aims to separate company transactions from personal transactions. From Table 7, it is found that there are several textile businesses that have not implemented this business entity concept because they still combine their business transactions with household (personal) transactions, this can result in low recording of their business profits/losses. The usefulness of separating the recording of company transactions from personal transactions is so that the calculated profit/loss describes a fair value. So most of the textile entrepreneurs in Pekanbaru City District have not implemented the concept of business entity.

Basics of Recording

There are two bases of recording in accounting, namely cash basis and accrual basis. Cash basis where transactions are recognized when cash is paid or received and recorded at the time the cash transaction takes place. Meanwhile, accrual basis where transactions are recognized and recorded when the transaction occurs without looking at the cash has been received or received. From the results of the study in table 1, there are textile businesses that are respondents, it is known that the recording of cash receipts and disbursements transactions uses the cash recording basis. The recording system used by respondents is still a single accounting system (single entry), where recording is only done in the diary without transferring to the ledger. An example of accrual basis recording is where the recording is done when the transaction occurs even though the cash has not been received.

Business Continuity Concept

The concept of business continuity is a concept that assumes that a business continuity will continue to operate for a long time to achieve the desired goals. From the results of research on textile businesses that were respondents, they implemented the concept of business continuity because they continued to operate from time to time. However, it can be seen that no respondents recorded fixed assets in their businesses, these entrepreneurs assume that recording or depreciating their fixed assets will not affect their business profits and losses. With poor business bookkeeping and not in accordance with accounting principles, the business should not be able to operate for a long time, because good bookkeeping can provide reasonable information about the development of the business being run and is also a benchmark for management to make decisions. So it can be concluded that textile entrepreneurs in Pekanbaru City District still have not implemented the concept of business continuity.

Time Period Concept

This concept states that the company's financial information must be reported periodically, such as every three months, six months, nine months or one year. From Table 6 above, it was found that the textile

businesses that were respondents in the study were found to calculate their profits and losses every month, there were 16 textile businesses or equivalent to 100%. This can be concluded that textile entrepreneurs in Pekanbaru City District have complied with the applicable accounting period, namely monthly, quarterly, annually.

Matching Concept

The matching concept is a concept where all revenues generated must be compared with the costs incurred to obtain profit from revenue for a certain period of time. From table 7 it is known that there are still costs that are not included in the calculation of profit and loss. This results in the profit presented being unreasonable or presented too low, because there are costs that are not included in the calculation of profit/loss.

CONCLUSION

This study aims to determine the application of accounting in textile businesses in Pekanbaru City District. Based on the results of the analysis that has been done, it can be concluded that textile entrepreneurs in Pekanbaru City District, there are several textile businesses that have not implemented one of the basic concepts of accounting, namely the concept of business unity, because they still combine their business transactions with household (personal) transactions. Textile entrepreneurs in Pekanbaru City District record their profit and loss reports using a cash basis where the recording is done when cash has been disbursed or received and accrual where the recording is done when the transaction occurs. Textile entrepreneurs in Pekanbaru City District have not implemented the concept of business continuity, because they have not recorded fixed assets in their businesses. Textile entrepreneurs in Pekanbaru City District have calculated their profits and losses, which are done every month, this is in accordance with the applicable accounting period, namely monthly, quarterly, annually. Textile entrepreneurs in Pekanbaru City District have carried out their profit and loss calculations but have not recorded all the expenses or costs incurred to obtain their income. This causes the profit and loss reports that are made not to show the actual results.

It is expected that textile entrepreneurs should separate business and non-business transactions in order to get good results in recording their business profits and losses. Textile entrepreneurs in Pekanbaru City District should implement good and correct accounting records because good and correct records can help find out the correct economic information for their business. Textile entrepreneurs in Pekanbaru City District should record fixed assets and depreciation of fixed assets in order to maximize the use of their business fixed assets. Textile entrepreneurs in Pekanbaru City District should record all expenses or costs incurred to get their income, so that their profit and loss reports show the actual results.

REFERENCE

- Amin W. 2003. "Internal Auditing" (An Introduction). Jakarta: Harvarindo.
- Saputra Dian,. 2018. "Analysis of Accounting Implementation in Clothing Fabric Store Business in Pasar Bawah Pekanbaru". Islamic University of Riau. Pekanbaru.
- Dwi Martani et al., 2012. "Intermediate Financial Accounting Based on PSAK". Jakarta: Salemba Empat.
- Hery. 2015. "Financial Report Analysis". Edition 1. Yogyakarta: Center For Academic Publishing Services.

- Humairoh. 2014. "Analysis of Accounting Implementation in Clothing Stores in Plaza Sukaramai Pekanbaru". Islamic University of Riau: Pekanbaru.
- M. Sadeli. 2011. Basics of Accounting. First Edition. 7th Printing. Jakarta: Bumi Aksara
- Munawir, S. 2010. Financial Report Analysis Fourth Edition. Fifteenth Printing. Yogyakarta: Liberty.
- Nurafiah. 2009. "Government Accounting": Implementation of Regional Finance. Jakarta: Kencana.
- Government of Indonesia. 2008. Law Number 20 of 2008, Concerning Micro, Small and Medium Enterprises (MSMEs). State Secretariat. Jakarta.
- Rudianto. 2009. "Introduction to Accounting". Jakarta: Erlangga.
- , 2012. "Introduction to Accounting Concepts & Techniques for Preparing Financial Reports". Jakarta, Erlangga
- SAK EMKM. (2016). Exposure Draft of Financial Accounting Standards for Micro, Small and Medium Entities, (September).
- Stice, Earl K, James D Stice and Fred Skousen, 2009 "Intermediate Financial Accounting", 16th Edition, Book 2. Indonesian Edition. Translated by Ali Akbar. PT. Salemba Empat: Jakarta.
- Waluyo. 2014. "Indonesian Taxation". Jakarta: Salemba Empat.
- Warren, Reeve, E. Duchac, Suhardianto, Kalanjati, Jusuf, D. Djakman. 2014. "Introduction to Accounting". Jakarta: Salemba Empat.