

ANALYSIS OF THE APPLICATION OF SAK EMKM IN THE PREPARATION OF FINANCIAL STATEMENTS (Case Study on Utami Traditional Food MSMEs)

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Abstract

This research aims to analyze the application of the Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM) in preparing financial statements at Utami Traditional Food MSMEs with a focus on its impact on financial management. This research uses qualitative research methods with data collection techniques through observation, in-depth interviews with business owners, and documentation studies. The results of the research that occurred in Utami Traditional Food MSMEs revealed that the financial records that had been carried out were still in the form of unstructured manual records. This makes it difficult for Utami Traditional Food MSMEs to analyze their financial performance. Limited understanding of the ability of human resources in preparing financial reports in accordance with SAK EMKM and also the complexity of technical terms in accounting standards are the main problems of the results of this study. The application of records according to existing standards, MSMEs are able to make decisions for business continuity and also increase their financial transparency. The findings of this study prove that SAK EMKM has the potential to improve the financial governance of MSMEs if accompanied by assistance that matches the capacity of business actors.

Keywords: SAK EMKM, MSMEs, accounting, financial statements.

Introduction

Micro, Small, and Medium Enterprises (MSMEs) play a vital role in sustaining and driving Indonesia's economic growth. As reported by the Ministry of Cooperatives and Small and Medium Enterprises, MSMEs alone in 2023 were recorded to have reached 65.5 million business units, which are divided into 97% micro businesses, 2% small businesses, and 1% medium-sized businesses. With more than 65 million and based on BPS data, MSMEs contribute more than 60% of GDP and employment of 97% of the total workforce. However, with its large contribution, MSMEs still face various challenges in various ways, one of which is the problem of financial management.

There are still MSMEs that are still unable to make simple records or even conduct financial reporting, which is one of the main problems. Even though this is an important part because recording, bookkeeping, and financial reporting can be used to evaluate the performance of a business (Nuvitasari et al., 2019). Where, this business performance evaluation is very important for the success of the company in realizing their vision and mission and if it is not realized, there will be a failure in the company. Failure to implement SAK EMKM itself usually occurs due to internal factors such as the lack of human resource (HR) capabilities in understanding about accounting itself (Lestari & Rustiana, 2019).

Therefore, the IAI Accounting Standards Board (DSAK) made a development which in this case made it easier for MSME players by presenting SAK EMKM. SAK EMKM was approved by DSAK IAI and is effective as of January 1, 2018. SAK EMKM serves as a separate financial reporting standart, specifically intended for entities that do not bear public accountability, as outlined in the criteria set by SAK ETAP and the haracteristics described in Law No. 20 of 2008 concerning MSMEs.

The Indonesian Accounting Association itself explains that SAK EMKM comes with standards that are made simpler which regulates general transactions carried out by EMKM and the basis of measurement is purely using historical costs so that it only needs to record its assets and debts at their acquisition. By implementing SAK EMKM, it is hoped that business actors, especially MSMEs, can improve financial transparency and evaluate business performance.

However, there are still some business actors, includes the traditional food sector have yet to implemented SAK EMKM. Utami Traditional Food MSMEs are one example of business actors who have not applied SAK EMKM in managing their financial documentation. Business owners still use manual records that are not

systematic so it is difficult to know the financial condition of the business accurately and records are not made regularly. This of course risks hampering the business in making decisions for business growth.

Previous research conducted by Lestari, Rustiana (2017) argued that accounting knowledge significantly influences the performance mechanisms of MSMEs. Furthermore, Nuvitasari, Citra, and Martiana (2019) state that the limitations of human resources in understanding the preparation of financial reports are still very limited which causes financial reports to not be in accordance with those contained in SAK EMKM. Furthermore, Yulinati, Wardah, Widuri (2019) accounting understanding has an effect on the MSME performance system itself. Meanwhile, research by Dermawan, Triadi, and Roup (2021) explains that the use of simple technology can help MSMEs in preparing financial reports but with in-depth training.

Previous studies have discussed the implementation of SAK EMKM to MSMEs, but they are still limited to the implementation aspect without discussing in depth how the benefits felt by MSMEs after implementing it. Therefore, this research intended to examine how the use of SAK EMKM benefits the preparation of financial statements at Utami Traditional Food MSMEs. In addition, this study will also identify the obstacles faced by Utami Traditional Food MSMEs in implementing SAK EMKM and provide solutions that can help in enhancing the quality of financial reporting.

Research Objectives

The purpose of this research is to answer the main problem discussed in this study, namely how the application of SAK EMKM in making financial reports on Utami Traditional food MSMEs. This study also aims to examine the extent to which Utami Traditional Food MSMEs understand financial reports and what obstacles occur when implementing SAK EMKM.

Research Methods

The implementation of research using qualitative methods with data collection obtained by this researcher by utilizing primary and secondary data collection methods. Primary data is obtained from interviews with business owners directly to provide information about problems that describe the conditions that occur in the field. Researchers also made observations by going directly and making observations of Utami Traditional Food MSMEs to conduct research on how the recording system occurred in the business. This allows researchers to find out about the recording carried out by business owners and the extent to which business owners understand and apply SAK EMKM in their business.

Literature Review

Micro, Small and Medium Enterprises or also known as MSMEs are businesses carried out by individuals or entities as referred to in Law No 20 of 2008. MSMEs has a definition as a micro business which are productive ventures operated by individuals or sole proprietorships, with total asset valued up to IDR 50,000,000 (excluding property and buildings) and yearly revenue capped at IDR 300,000,000. A small business refers to an independent economic activity operated by individuals or entities that are not affiliated as subsidiaries or branches of medium or large enterprises, whether directly or indirectly. Businesses in the category possess a net asset value ranging from IDR 50,000,000 to IDR 500,000,000 and generate annual revenues between IDR 300,000,000 and IDR 2,500,000,000. As a medium-sized enterprises is an autonomous, income-generating economic entity operated by an individual or business organization that is not a subsidiary, branch, or affiliated either directly or indirectly with any medium or large scale enterprise. This classification is based on the established criteria for medium-sized businesses. Has a regulated net worth of more than IDR 500,000,000 and with annual revenue exceeding IDR 2,500,000,000 but not surpassing IDR 50,000,000,000.

The Indonesian Accounting Association (IAI) has established a dedicated accounting standard for Micro, Small, and Medium Enterprises (MSMEs), known as SAK EMKM aimed at simplifying the process of financial statement preparation for these entities. SAK EMKM is a financial standard that regulates accounting practices which in this case includes the preparation, preparation, recording and presentation of accounting data, especially in Indonesia (Purnomo & Adyaksana, 2021). SAK EMKM is present as a guideline for MSMEs in preparing financial reports that are simpler and also in accordance with accounting principles.

Financial statements are information that describes the financial condition of a company that can be used as a description of the financial performance of a company. The financial statements in accordance with SAK EMKM consist of a Balance Sheet, Income statement and also Notes to financial statements. According to Harahap in (Subianto, 2022) accounting itself has the aim of providing reliable financial information about the assets and liabilities and capital of the company, changes in the assets of a company arising from business activities, providing financial information that can be used by interested users, and providing other important information for the company.

Results and discussions

Utami Traditional Food MSMEs themselves still use manual recording with a notebook containing daily transactions and do not yet have financial reports in accordance with standards. The findings regarding the implementation of SAK EMKM at Utami Traditional Food MSMEs are presented in the table below:

Table 1 Result of Analysis of the Implementation of Financial Report Preparation Based on SAK EMKM

No	SAK EMKM	INFORMATION
1.	Income Statement	There isn't any
2.	Balance Sheet Report	There isn't any
3.	Notes to Financial Statements	There isn't any

Source: Data Processed Data (2025)

This makes it difficult for business owners to know accurate business profits and losses. Limited understanding of human resources regarding standardized financial reports is one of the reasons why Utami Traditional Food MSMEs have not made financial reports in accordance with predetermined standards. After the financial statements have been prepared in compliance with SAK EMKM. The following is a draft preparation of financial statements in accordance with SAK EMKM at Utami Traditional Food MSMEs:

Utami Traditional Food MSME Income Statement For the Period Ending March 31, 2025		
Revenues		
Net sales	Rp 774.000	
Total		Rp 774.000
Cost of goods sold		Rp 509.550
Gross profit/loss		Rp 264.450
Expenses		
Administrative Expenses	Rp 10.000	
Distribution Expenses	Rp 20.000	
Total		Rp 30.000
Net profit		Rp 234.450

Figure 1 Income Statement
Utami Traditional Food MSME
Source: Data Processed Data (2025)

Utami Traditional Food MSME Balance Sheets For the Period Ending March 31, 2025		
Current Assets		
Cash	Rp 2.124.000	
Finished Goods Inventory	Rp 86.950	
Supplies	Rp 30.000	
Total Current Assets	Rp 2.240.950	
Fixed Assets		
Grinding Machine	Rp 1.500.000	
Sealing machine	Rp 150.000	
Accumulated depreciation		Rp 1.042.500
Total Assets	Rp 607.500	
Equity		
Initial Capital		Rp 2.700.000
Net Profit		Rp 234.450
Total	Rp 2.848.450	Rp 2.848.450

Figure 2 Balance Sheets

Utami Traditional Food MSME
Source: Data Processed Data (2025)

Utami Traditional Food MSME Notes on Financial Statements March 2025	
1) GENERAL INFORMATION	<p>Utami Traditional Food MSMEs in Blitar City have been established since 2014. This MSME is engaged in the production of traditional foods such as ampok, tiwul, and instant gatot. The business is operated autonomously by the owner, assisted by temporary or freelance personnel.</p>
2) OVERVIEW OF IMPORTANT ACCOUNTING POLICIES	<p>a. Statement of compliance The financial reports were developed based on the Financial Accounting Standards applicable to Micro, Small, and Medium Enterprises (SAK EMKM)</p> <p>b. Basis of preparation The basis of preparation of the financial statements is historical cost and assumes going concern. The presentation currency used in the preparation of the financial statements is rupiah.</p> <p>c. Fixed Assets Depreciation on fixed assets uses the financial historical cost method using the straight-line method and an economic life of 5 years.</p> <p>d. Recognition of revenues and expenses Sales revenue is recognized when the goods have been when cash in and out occurs.</p>
3) EXPLANATION OF THE ACCOUNT OF INCOME	<p>a. Revenue Revenue is derived from the sale of products amounting to Rp774.000 for one month with total product sales of 86 pcs.</p> <p>b. Expenses Expenses incurred for administration amounted to Rp30.000 from the purchase of administrative supplies. Other costs incurred for the purchase of engine fuel amounted to Rp30.000.</p>
4) EXPLANATIONS ON THE ACCOUNTS OF THE GLOSSARY	<p>a. Current Assets Current assets consist of cash of Rp2.124.000 and finished good inventory of Rp86.950.</p> <p>b. Fixed Assets Fixed assets consist of press machine of Rp150.000 and a grinding machine of Rp1.500.000 which is also calculated for its depreciation value.</p> <p>c. Capital Total capital of Rp2.700.000 which is own capital without any debt.</p> <p>d. Profit The profit of Rp234.450 is the profit for the period.</p>

Financial reports that previously only had daily transaction records, now the financial statements in Utami Traditional Food MSMEs contain profit and loss statements, balance sheet reports. Other benefits that exist from making financial reports in accordance with SAK EMKM make business owners able to know the net profit of the business, which as of March 2025 is known to be a net profit of Rp234,450. This is in line with research conducted by Arsa et al (2022) where the application of SAK EMKM in preparing financial statements is able to become material for business evaluation and also as a consideration for developing their business.

Conclusion

Drawing from the outcomes of the study and the discussion presented, the conclusions below are provided:

1. Utami Traditional Food MSMEs have not made financial reports in accordance with SAK EMKM due to limited understanding of accounting. As a result, the recording made is only recording daily transactions based on the understanding of the business owner.

2. The background of human resources who do not come from accounting and do not know about accounting standards is another factor why standardized accounting reports cannot be applied.

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