

# Financial Statements of MSMEs in Pari City with SAK EMKM Standards

1<sup>st</sup> Wan Fachruddin

Faculty Social Sains

Universitas Pembangunan Panca Budi

Medan, Indonesia

wanfachruddin@dosen.pancabudi.ac.id

2<sup>nd</sup> Vina Arnita

Faculty Social Sains

Universitas Pembangunan Panca Budi

Medan, Indonesia

vinaarnita@dosen.pancabudi.ac.id

3<sup>rd</sup> Andini Puspita Sari

Faculty Social Sains

Universitas Pembangunan Panca Budi

Medan, Indonesia

adindapuspita@gmail.com

**Abstract**— Financial reports play a crucial role in managing and monitoring the financial performance of Micro, Small and Medium Enterprises (MSMEs). This study aims to evaluate the process of preparing MSME financial statements based on the Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM) in Pari City. The research method applied is descriptive analysis, by collecting data through interviews and direct observation of MSMEs in Pari City. The results of the analysis show that MSMEs in Kota Pari still face a number of obstacles in preparing financial statements in accordance with SAK EMKM, including the lack of qualified human resources and adequate understanding of accounting standards. Therefore, recommendations are proposed to increase MSMEs' understanding and awareness of the importance of preparing proper financial statements in accordance with SAK EMKM, as well as to strengthen cooperation between MSMEs and relevant parties to provide the necessary guidance and technical support. By doing so, it is hoped that MSMEs in Pari City can improve the quality of their financial statements and support the growth and sustainability of their businesses.

**Keywords**— Financial Statements, MSMEs, SAK EMKM

## I. INTRODUCTION (HEADING 1)

Micro, Small, and Medium Enterprises (MSMEs) have an important role in supporting the economic growth of a region. For this reason, MSME players need to design effective strategies so that the products or services they offer can be well received by the public. This is important so that MSMEs in Indonesia are able to produce competitive products, both in local and global markets. Indonesia's economy is highly dependent on the role of Micro, Small and Medium Enterprises (MSMEs). Article 33 (4) of the 1945 Constitution emphasizes that MSMEs are part of an effort for economic independence that has the potential to improve people's welfare. According to Setiyawati and Hermawan (2018), the existence of MSMEs has great significance because it is one of the effective solutions in reducing poverty and unemployment [1]. Compared to large companies, MSMEs are quicker to adapt to market changes that are often unpredictable [2].

Some of the strategies required by MSMEs include improving the quality of products and services, utilizing local raw materials, and improving workforce skills through training. In addition, the existence of MSMEs can also be one of the solutions in creating jobs, especially in the era of the ASEA Economic Community (AEC), which opens up opportunities for MSMEs to develop and compete [3].

However, many MSMEs in regions such as Pari City experience challenges, including difficult access to capital loans from banks due to a lack of ability to prepare accurate financial statements. Although the Financial Accounting Standard for Micro, Small and Medium Entities (SAK EMKM) has been enacted to help MSMEs, there are still problems such as the lack of human resource skills in preparing financial statements in accordance with the standard, as well as difficulties in marketing products [4].

The Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP) was originally designed as a stand-alone accounting standard, independent of the General SAK, and intended for use by MSME players. However, many MSME players consider the application of SAK ETAP as something complicated, so the formation of the Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM) is needed. SAK EMKM is a simpler financial accounting standard than SAK ETAP. The components in SAK EMKM mainly revolve around income and expenses during the reporting period, which are presented in the income statement [2].

According to information from the ekon.go.id website in (2021), the Ministry of Cooperatives and Small and Medium Enterprises (Menkop and UKM) noted that the number of MSME players in Indonesia reached 6.2 million, which contributed 61% to Gross Domestic Product (GDP) or equivalent to 8,573.89 trillion, and absorbed up to 97% of the workforce. Its widespread existence and ability to reach remote areas can help reduce income inequality in society. With optimal management and development, the MSME sector has the potential to provide greater benefits to both the country and society as a whole.

Industry or factories are one form of micro, small, and medium enterprises (MSMEs) in Indonesia. According to Law No. 5 of 1984, industry refers to economic activities that process raw materials, raw goods, semi-finished goods, or finished goods into products with added value, including building design activities and industrial enrichment. Competition in the industry is getting tighter, requiring MSMEs or industries to be more effective and efficient in the production process in order to produce quality products at competitive prices in the market. In addition, it is important for every company to have accurate financial reports in accordance with accounting standards, which help in monitoring the inflow and outflow of money, as well as evaluating overall financial performance [6].



Many entrepreneurs do not conduct financial records in accordance with accounting standards due to a lack of understanding of the financial recording system, so it is considered an unimportant thing [7]. Generally, MSMEs only record incoming and outgoing cash transactions, while the difference between the two is considered as profit. In fact, proper bookkeeping is essential to ensure an organized financial statement structure. In addition, in developing their business, business owners often face capital constraints due to the difficulty of obtaining funds from third parties, thus relying solely on capital generated from their own business operations [8].

Seeing the fact that many MSMEs lack accounting records and financial management, the Financial Accounting Standards Board of the Indonesian Accounting Association (DSAK IAI) has developed and introduced the Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM). SAK EMKM was designed and approved in 2016, but only came into effect on January 1, 2018. SAK EMKM is designed to be simpler than SAK ETAP. In SAK EMKM, there are three financial statements, including the statement of financial position, income statement, and notes to the financial statements. The presence of these three reports is expected to make it easier for MSME players to prepare their financial statements because it provides a basis or guide for them in Indonesia [9].

## II. OVERVIEW

### A. *Micro, Small and Medium Enterprises (MSME)*

In the Law of the Republic of Indonesia Number 20 of 2008 concerning Micro, Small and Medium Enterprises (MSMEs) Section 4 Article 6, it is explained that the criteria for classifying MSMEs are as follows: Micro Enterprises have a maximum net worth of Rp. 50,000,000 and maximum annual sales of Rp. 300,000,000. Small Enterprises have a net worth between Rp. 50,000,000 to Rp. 500,000,000 and annual sales between Rp. 300,000,000 to Rp. 2,500,000,000. While Medium Enterprises have a net worth between Rp. 500,000,000 to Rp. 10,000,000,000 and annual sales between Rp. 2,500,000,000 to Rp. 50,000,000,000.

Micro, Small and Medium Enterprises (MSMEs) are business units that are active in various economic sectors, as explained by Tambunan (2012:2). The difference between micro, small, medium, and large enterprises is generally seen in the value of initial assets, annual turnover, and the number of permanent employees, which excludes land and buildings. However, the definition of MSMEs may vary from country to country, depending on the parameters used. MSMEs aim to manage and develop businesses independently, hoping to help reduce income disparities in society [10]. In addition, MSMEs are also considered to support national economic development by creating new jobs, reducing unemployment rates, and providing opportunities for communities to grow.

The foundation of MSME implementation includes values such as togetherness, economic democracy, independence, balanced and sustainable progress, efficiency, fairness, and contribution to national economic unity. In general, MSMEs are characterized by independent business ownership, where the owner is the provider of capital, marketing that tends to be local, relatively small assets, and a limited number of employees [11].

### B. *SAK EMKM*

Financial Accounting Standards (SAK) is a set of guidelines that are different from Financial Accounting Standards (PSAK) and Interpretations of Financial Accounting Standards (ISAK) issued by the Standards Committee of the Indonesian Institute of Accountants (DSAK IAI) and the Sharia Standards Committee of the Indonesian Institute of Accountants (DSAS IAI). According to Jurnal.id, there are four types of SAK applied in Indonesia, namely SAK (Financial Accounting Standards), SAK ETAP (Financial Accounting Standards for Entities Without Public Accountability), PSAK-Syariah (Statement of Sharia Financial Accounting Standards), and SAP (Government Accounting Standards).

In an effort to simplify the financial reporting process for Micro, Small and Medium Entities (EMKM), DSAK IAI will implement a new SAK called the Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM) starting January 1, 2018. SAK EMKM is a simplified form of SAK ETAP, designed to meet the financial reporting needs of MSMEs that have not been able to adapt to the reporting requirements in SAK ETAP. SAK EMKM stipulates that MSMEs that do not have significant public accountability for at least two consecutive years as stipulated in the legislation.

### C. *Financial Statement*

According to Kristanto (2011) [12], financial statements are documents that contain financial information of an entity arranged in a structured manner, used as a means of communication and accountability between the company and its owners or other parties. Kartikahadi et al. (2016: 12) describe financial statements as the main instrument used by an entity to convey financial information to stakeholders such as shareholders, creditors, labor unions, government agencies, and management [13]. According to the Financial Accounting Standards for Micro, Small and Medium Entities [14], the purpose of financial statements is to provide information about the financial position and performance of an entity that is useful for a large number of users in making economic decisions. These users include providers of resources to the entity such as creditors and investors. SAK EMKM also emphasizes that financial statements show management's accountability for the management of resources entrusted to it.

According to IAI in SAK EMKM [14], the financial statements of an entity consist of a statement of financial position at the end of the period, an income statement for the period, and notes to the financial statements, which include additional information and details of certain relevant accounts. The statement of financial position provides information about the assets, liabilities, and equity of a company, while the income statement is used to describe financial performance by showing income and expenses that occur during a certain period [15]. The notes to the financial statements contain additional information and accounts that have been adjusted in the statement of financial position and income statement.

## III. METHODOLOGY

Before you begin to format your paper, first write and save the The author uses a qualitative descriptive method in his

research. According to Anggito & Setiawan (2018: 9) qualitative research does not use statistics, but through data collection, analysis, then interpretation. The method used in this research is descriptive method [16]. This method was chosen because the author will explain how the preparation of the financial statements of MSMEs in Pari City. The population in this study are all Micro, Small, and Medium Enterprises (MSMEs) operating in Pari City. Pari City was chosen because it is representative as an area with a significant number of MSMEs and as a relevant case example for analyzing the preparation of financial statements based on the Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM). The sampling method in this study used a type of *non-probability* sampling with *purposive sampling* technique.

The sample selection criteria involve MSMEs that have certain characteristics, such as business scale, business sector, and level of understanding of accounting and preparation of financial statements. The samples taken are expected to represent the diversity of MSMEs in Pari City and provide sufficient representative information for the analysis being carried out. The number of samples to be studied will be determined based on availability and conformity with predetermined criteria. The type of data used consists of subject data in the form of interviews to obtain information directly from sources and documentary data in the form of transaction documents.

The data sources used include primary data from observations and direct interviews with Kota Pari MSMEs as well as secondary data from online journals and cited previous research. The data collection techniques used include observation, interviews, and documentation with Kota Pari MSMEs. Kota Pari Brown Sugar MSMEs were chosen as research subjects because they still use a simple recording system and have not made financial reports.

#### IV. RESEARCH RESULT

##### A. Overview of MSMEs in Pari City

In Kota Pari Village, Deli Serdang District, a large proportion of the population has been involved in processing sap into Gula Merah for more than four decades. Although the Gula Merah produced is of good quality and accepted in the market, it does not always result in prosperity for the business owners. Many of them, especially housewives with the help of young women, run the business while their husbands prefer to work in other professions as their main job. Although the sales of Gula Merah are high, they are not sufficient to fulfill the family's needs.

This study will investigate the problem from the perspective of business financial management, especially in terms of the importance of preparing and providing financial reports for the continuity and development of the business in the future. Financial reports play an important role in decision-making, both by banks, investors, and MSMEs themselves to evaluate performance and forecast the future of the business. However, the availability of these financial reports depends on the ability and awareness of the importance of the accounting process, not only by business actors but also by human resources within the MSMEs.

Brown Sugar processing businesses in Pari City are generally managed by women, including housewives and young women with an average education level of only junior

or senior high school, some even only graduated from elementary school. This business is one of the economic supports for the family, although the income is relatively low, ranging from IDR 105,000 to IDR 157,000 per month. Income could increase if the business owners had more sap trees of their own without having to rent, but this is rarely the case as most only have a small number of sap trees. The amount of turnover is also highly dependent on the selling price of Gula Merah in the market.

##### B. Pari City Financial Report

Kota Pari Red Sugar MSMEs still face the obstacle of not having financial reports, which is a key factor in managing a business efficiently. The management of business activities has not included adequate accounting recording practices, indicating a lack of awareness of the importance of systematization in financial recording and reporting. Currently, the record-keeping is very simple, limited to cash sales transactions only, without recording purchase transactions or other operational activities. While there is an attempt to record accounts receivable, there is no record of cash disbursement transactions, which can lead to a lack of control over the company's cash flow.

This limitation in accounting records creates various risks, especially related to the lack of clarity of financial information and control over company resources. Without structured financial reports, managers and owners of Kota Pari Red Sugar MSMEs may have difficulty monitoring financial performance, evaluating profitability and making informed strategic decisions. A lack of understanding of the company's finances can also hinder the planning process and sustainable business growth.

To overcome these challenges, measures to improve and enhance financial recording and reporting systems need to be implemented immediately. Such MSMEs should prioritize the creation of accurate and regular financial reports, covering all relevant financial transactions. In addition, coaching and training for managers and employees on basic accounting practices are required, as well as a strong understanding of how proper record-keeping can support effective financial management. By improving their financial recording and reporting systems, Kota Pari's Gula Merah MSMEs can increase their transparency, control and financial performance, thereby strengthening their position in the market and supporting sustainable business growth.

Transaction evidence is documentation of every transaction that occurs, which records its source and details. The records made must be accountable with proof of transactions. MSMEs in Pari City use sales notes as proof of transactions, but the use of these notes only occurs at large events, while in rural areas, this practice is rarely done. Sales receipts are kept by the owner, while other receipts such as equipment purchases, vehicle servicing, and payment of electricity or water bills are discarded.

The transaction process is the process of financial change of a business entity through the exchange of goods or services between sellers and buyers. Regular recording of transactions provides benefits in business management. All financial activities must be recorded accurately. However, MSMEs in Pari City have not yet made adequate accounting records. The recording is still simple and only focuses on sales transactions that have receipts, but is not done consistently.

The business owner admits that so far he has never recorded or prepared financial reports because he is constrained by the lack of proof of payment from consumers. Proof of transaction is only provided when renting in urban areas or at large events. The recording system implemented by MSMEs in Pari City is still far from the accounting standards set for MSMEs. As a result, the information obtained from these records has not provided adequate support for comprehensive decision making in managing the company's operational activities.

### C. Discussion

#### a) Financial Report

The income statement presents the total income and expenses of the entity for a period, unless SAK EMKM requires otherwise. The income statement of the pari city umkm business is as follows:

Table 1. Financial Report

Red Sugar MSMEs in Pari City Income Statement Per December 2023	
<b>Revenue from Sales</b>	
Sales	7.932.000
cost of Goods Manufactured	5.190.000
<b>Gross Profit</b>	<b>2.742.000</b>
<b>Expense</b>	
Cauldron Depreciation Expense	175.000
Digital Scale Depreciation Expense	50.000
Blender Depreciation Expense	75.000
Total Expense	225.000
<b>Net Profit</b>	<b>2.517.000</b>

#### b) Statement of Financial Position

The statement of financial position or what is called the Balance Sheet is a report that can provide information about the company's financial position at a certain date or the end of the reporting period. On the balance sheet the company presents assets separately between current assets and fixed assets and liabilities are divided into two short-term and long-term liabilities.

Table 2. Statement of Financial Position

Red Sugar MSMEs in Pari City Statement of Financial Position Per December 2023	
<b>Asset</b>	
<b>Current Assets</b>	
Cash	4.852.000
Equipment	70.000
Total Current Assets	3.922.000
<b>Fixed Assets</b>	
Cauldron	700.000
Cauldron Depreciation Expense	(175.000)
Cauldron Depreciation	200.000

Expense accumulated depreciation of digital scales	(50.000)	
Blender	300.000	
Accumulated Depreciation of Blender	(75.000)	
Total Fixed Cost		900.000
<b>Total Asset</b>		<b>5.822.000</b>
<b>Debt and Capital</b>		
<b>Debt</b>		
Debt	-	
Total Debt		-
<b>Capital</b>		
Capital	3.380.000	
Profit	2.517.000	
Total Capital		5.897.000
<b>Total Debt and Capital</b>		<b>5.897.000</b>

### REFERENCES

- [1] Y. Setiyawati and S. Hermawan, "Persepsi Pemilik Dan Pengetahuan Akuntansi Pelaku Usaha Mikro Kecil Dan Menengah (Umk) Atas Penyusunan Laporan Keuangan," *Riset Akuntansi dan Keuangan Indonesia*, vol. 3, no. 2, pp. 161–204, 2018, doi: 10.23917/reaksi.v3i2.6629.
- [2] B. Swargi and W. D. Puspita, "Penyusunan laporan keuangan UMKM berdasarkan SAK EMKM pada UMKM CV. Talida Citra Swara," *Jurnal Ilmiah Bisnis dan Perpajakan (Bijak)*, vol. 5, no. 1, pp. 29–37, 2023, doi: 10.26905/j.bijak.v5i1.8816.
- [3] R. Franita, I. Malikah, S. Rahayu, and K. Nisa Lubis, "Analysis of Pricing Products Processing Used Goods Into Rupiah Worth Goods in Order To Advance The Economy of Pari Village," *1St International Conference Epicentrum of Economic Global Framework*, vol. 1, no. 1, 2024, [Online]. Available: [https://proceeding.pancabudi.ac.id/index.php/ICEE\\_GLOF](https://proceeding.pancabudi.ac.id/index.php/ICEE_GLOF)
- [4] W. Ramadhayanti, W. I. R. Sari, and Y. Fitria, "Analisis Penyusunan Laporan Keuangan Berdasarkan SAK EMKM (Studi Kasus BUMDES Nasi Bekepor Desa Jongkang Kecamatan Loa Kulu Kabupaten Kutai Kartanegara)," *Jurnal Ilmu Akuntansi Mulawarman*, vol. 7, no. 2, 2022.
- [5] "Menjadi Pilar Penting Dalam Perekonomian Indonesia," *ekon.go.id*. [Online]. Available: <https://ekon.go.id/publikasi/detail/2969/umkm-menjadi->
- [6] S. N. Anggraeni, T. Marlina, and S. Suwarno, "Penyusunan Laporan Keuangan Pada UMKM Berdasarkan SAK EMKM," *Jurnal Aplikasi Bisnis Kesatuan*, vol. 1, no. 2, pp. 253–270, 2021, doi: 10.37641/jabkes.v1i2.1342.

- [7] N. Fadilah, N. Aliah, and H. P. Lubis, *Pengaruh penyusunan laporan keuangan terhadap kinerja UMKM*. CV. Pena Persada, 2022.
- [8] "View of Strategi Kualitas Produk, Kemasan, dan Harga Kue Jajanan Pasar Produk UMKM Terhadap Keputusan Pembelian di Desa Kota Pari." Accessed: Apr. 05, 2025. [Online]. Available: <https://jurnal.permapendis-sumut.org/index.php/edusociety/article/view/726/612>
- [9] R. Fatah Maulana and Y. Apriliawati, "Penyusunan Laporan Keuangan Berdasarkan SAK EMKM Pada Toko Grosir Hasanah," *Indonesian Accounting Literacy Journal*, vol. 3, no. 01, pp. 761–772, 2022, doi: 10.35313/ialj.v2i04.3312.
- [10] M. Rizkina, A. Nina, and N. Aliah, "Efektivitas penerimaan retribusi IMB dan kontribusinya terhadap PAD," *Journal of Business and Economics*, vol. 3, no. 2, 2022.
- [11] V. Arnita, Tharo Zuraidah, and Syafitri Auna, "The Role of Bumdes in Community Income In Pematang Serai Village," *Navigation, Engineering and Aviation Technology (ICANEAT)*, vol. 1, no. 1, 2024, [Online]. Available: <http://creativecommons.org/licenses/by-sa/4.0/>
- [12] E. Kristanto, "Penerapan Standar Akuntansi Keuangan Untuk Entitas Tanpa Akuntabilitas Publik (SAK – ETAP) Pada UMKM Pengrajin Rotan Di Desa Tranggan Kecamatan Gatak, Kabupaten Sukoharjo," Universitas Sebelas Maret, 2011.
- [13] H. Kartikahadi, *Akuntansi Keuangan Menengah Berbasis SAK. Berbasis IFRS*. Jakarta: Salemba Empat, 2016.
- [14] I. A. I. (IAI), *Standar Akuntansi Keuangan Entitas Mikro, Kecil, dan Menengah*. Jakarta: Ikatan Akuntansi Indonesia, 2016.
- [15] N. Aliah, M. Rizkina, and N. Fadilah, "Penyusunan Laporan Keuangan yang baik dan benar pada BUMDes," *Owner*, vol. 6, no. 3, pp. 1457–1462, Jul. 2022, doi: 10.33395/owner.v6i3.975.
- [16] A. Anggito and J. Setiawan, *Metodologi Penelitian Kualitatif*. Sukabumi: CV Jejak, 2018.