

ANALYSIS OF THE IMPLEMENTATION OF SAK EMKM IN THE PREPARATION OF FINANCIAL STATEMENTS FOR MSMEs: A CASE STUDY OF KAFE MAURANI SIMALUNGUN REGENCY

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ABSTRACT

This study aims to examine the implementation of financial statement preparation for the Micro, Small, and Medium Enterprise (MSME) Kafe Maurani based on SAK EMKM and to describe the challenges encountered in its implementation. This study is a descriptive qualitative research employing a case study approach. Data collection was carried out through interviews. The results of the study indicate that the financial statements prepared are not yet in accordance with the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM). Furthermore, the information presented in the financial statements remains simple and is still based on cash inflows and outflows. The challenges faced by the owner in preparing the financial statements include a lack of understanding of financial reporting and limited time allocation.

Keywords: Financial Reports, Micro, Small, and Medium Enterprises (MSMEs), EMKM SAK

ABSTRAK

Penelitian ini bertujuan untuk mengetahui penerapan penyusunan laporan keuangan Usaha Mikro, Kecil, dan Menengah (UMKM) Kafe Maurani berdasarkan SAK EMKM dan menjelaskan kendala yang dihadapi dalam penerapannya. Penelitian ini merupakan penelitian kualitatif deskriptif dengan menggunakan pendekatan studi kasus. Pengumpulan data dilakukan melalui wawancara. Hasil penelitian menunjukkan bahwa laporan keuangan yang di buat masih belum sesuai dengan Standar Akuntansi Keuangan Entitas Mikro Kecil Menengah (SAK EMKM). Kemudian, informasi yang ada dilaporan keuangan masih sederhana dan masih menggunakan perhitungan kas masuk dan kas keluar. Kendala yang dialami pemilik dalam penyusunan laporan keuangan adalah kurangnya pemahaman pemilik tentang laporan keuangan dan kurangnya alokasi waktu yang dimiliki

Kata Kunci: Laporan Keuangan, Usaha Mikro, Kecil, dan Menengah (UMKM), SAK EMKM

I. INTRODUCTION

Indonesia, as a developing country, is inseparable from business activities carried out by individuals and groups, particularly Micro, Small, and Medium Enterprises (MSMEs). Micro enterprises are among the most common types of businesses run by Indonesian people. MSMEs play a crucial role in creating employment opportunities and assisting the government in reducing the unemployment rate. MSME activities are closely related to accounting practices, which are essential for showing financial performance and conditions so that the sustainability of MSMEs can be recorded and used as a basis for evaluation (Hendrawan, 2019).

At present, Micro, Small, and Medium Enterprises (MSMEs) are growing rapidly. Many entrepreneurs are engaged in various business activities. MSME actors must understand their roles, as MSMEs not only play a significant part in sustaining and fostering Indonesia's economic growth but also serve as a vital driver in creating employment opportunities within the country. The Director of Research at the Center of Reform on Economics (CORE) Indonesia, Piter Abdullah, stated that MSMEs play an important role in creating employment opportunities in the country. In total, when combining

micro, small, and medium enterprises, they account for nearly 97 percent of total employment. Furthermore, considering that Indonesia's labor force increases by around three million people per year, MSMEs are able to absorb about half of this number (Rezky, 2023).

Despite their vast potential, the financial quality and governance of MSMEs remain weak. The substantial contribution of MSMEs to economic development is not matched by proper financial management and reporting practices. One of the most persistent challenges faced by MSMEs in Indonesia is the lack of adequate bookkeeping and the absence of standardized financial statements. This gap is often attributed to a limited understanding of accounting procedures, insufficient human resource capacity, and low financial literacy among business owners. As a result, many MSMEs record only basic transactions such as cash inflows, cash outflows, receivables, and payables—without referring to any accounting standards—thus failing to present accurate and reliable financial information.

According to Nguyen and Luu (2020), this issue is not unique to Indonesia; similar challenges exist in other developing economies where small enterprises operate informally and lack structured financial reporting systems. Moreover, Agyemang and Castellini (2021) found that insufficient adoption of accounting standards among SMEs limits their access to external financing and constrains business growth. Financial information that lacks standardization also undermines transparency and accountability, which are essential for attracting investors and gaining creditor trust (Barth & Israeli, 2022).

To overcome these challenges, the Financial Accounting Standards Board of the Indonesian Institute of Accountants (DSAK IAI) developed and approved the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) in 2016. The issuance of SAK EMKM represents IAI's commitment to enhancing transparency and accountability in corporate financial reporting while promoting the growth of Indonesia's MSME sector. SAK EMKM became effective on January 1, 2018, with early adoption encouraged. Under this standard, financial statements are prepared using the accrual basis and the going concern assumption, adopting the business entity concept. The financial statements consist of a statement of financial position, an income statement, and notes to the financial statements.

The SAK EMKM aims to simplify financial reporting for MSMEs, making it easier for them to prepare and present financial statements that are comprehensible to investors, creditors, and regulators. However, previous studies have indicated a research gap between the existence of SAK EMKM and its practical implementation. While the standard has been introduced for several years, adoption among MSMEs remains low due to limited socialization, lack of training, and perceived complexity (Hassan & Asad, 2022; Demir & Danis, 2022). Research focusing on the real-world application of SAK EMKM, particularly in micro-scale enterprises, remains scarce.

Most prior studies have examined financial statement practices from a theoretical or policy-oriented perspective, with limited empirical analysis at the micro-enterprise level (e.g., Nguyen & Tran, 2020; Rahman & Taufique, 2023). Consequently, there is a significant gap in understanding how SAK EMKM is actually applied by small business owners in daily operations, what challenges they face, and what strategies might improve compliance and usability.

Therefore, this study seeks to address that gap by conducting an empirical analysis of the preparation of financial statements based on SAK EMKM in the context of Café Saung Alam Raya—a microenterprise in Tanah Jawa, Simalungun Regency. The purpose of this research is to evaluate the extent to which SAK EMKM principles are understood and applied, identify barriers to implementation, and provide recommendations for improving MSME financial reporting practices.

II. THEORETICAL OVERVIEW

Financial Statements

Financial statements describe transactions that are classified into several broad groups according to their economic characteristics. These major groups represent the elements of financial statements. The elements directly related to the measurement of financial position are assets, liabilities, and equity, while the elements related to the measurement of performance in the income statement are revenues and

expenses. The statement of changes in financial position usually reflects various elements of the income statement and changes in several balance sheet components. Thus, this basic framework does not specifically identify the elements of the statement of changes in financial position (Syaharman, 2021).

Company management is responsible for the preparation and presentation of the company's financial statements. Financial statements serve as essential information for interested parties (Bahri, 2016). These financial statements contain records of financial transactions, estimated income statements, and reports on changes in value. Resources, liabilities, and organizational value over a specific period are described in the financial records. Meanwhile, the income statement reveals the organization's results and expenses over time, and the statement of changes in equity identifies the sources, uses, and purposes behind capital changes (Aprilia, 2023).

From an international perspective, financial statements are considered the primary communication tool between an organization and its stakeholders. According to IFRS Foundation (2021), financial statements aim to provide information about an entity's financial position, performance, and cash flows that are useful to a wide range of users in making economic decisions. The conceptual framework emphasizes faithful representation, comparability, and relevance as fundamental qualitative characteristics of financial reporting.

Kumar and Sharma (2020) highlight that transparent and well-structured financial statements enhance corporate accountability and investor confidence, particularly in small and medium enterprises (SMEs) where access to external financing is often limited. Likewise, Ali, Mahmood, and Khan (2021) found that the implementation of simplified accounting standards for SMEs contributes significantly to improving the quality and credibility of financial information, leading to better decision-making by management and creditors.

Furthermore, Johnson and Williams (2022) assert that the consistency and reliability of financial statements are critical for evaluating financial sustainability, as these reports provide a comprehensive overview of both operational performance and capital structure. For MSMEs, simplified frameworks such as SAK EMKM in Indonesia serve a similar purpose as IFRS for SMEs globally—helping entities maintain transparency while accommodating their limited technical and human resources (Hassan & Asad, 2022).

In this context, financial statements are not only a legal or compliance requirement but also a strategic management tool. They enable micro, small, and medium enterprises to monitor growth, manage resources effectively, and make informed financial decisions. For businesses like Kafe Maurani, adopting the SAK EMKM framework allows for a more structured, reliable, and comprehensible financial reporting process that can support long-term business sustainability and access to external funding opportunities.

Financial Position Report

According to the Indonesian Institute of Accountants (IAI, 2018), a company's assets, liabilities, and equity are presented in the balance sheet at the end of the reporting period. The statement of financial position includes items such as cash and cash equivalents, accounts receivable, inventory, fixed assets, trade payables, bank loans, and equity. An entity includes an item, or part of an item, in its balance sheet if such presentation contributes to a better understanding of the entity's financial condition. The items prescribed by SAK EMKM do not specify either the format or the order of presentation. On the other hand, companies may arrange their assets based on liquidity and their liabilities based on maturity. A company's balance sheet may therefore include components such as equity, receivables, inventory, fixed assets, trade payables, bank loans, as well as deposits and bank receivables.

The statement of financial position serves as a fundamental indicator of a company's financial health, providing stakeholders with a snapshot of resources controlled by the entity and its obligations at a specific point in time. According to the International Accounting Standards Board (IASB, 2021), this statement aims to enhance transparency and comparability in financial reporting by summarizing how assets are financed, whether through debt or equity. The separation of assets and liabilities into current and non-current categories allows users to assess liquidity and solvency, which are critical for evaluating financial stability.

Nguyen and Tran (2020) emphasize that the structure and clarity of the financial position report play a crucial role in improving decision-making, particularly for small and medium-sized enterprises (SMEs) that rely on limited financial resources. Similarly, Agyemang and Castellini (2021) argue that an accurate presentation of assets, liabilities, and equity promotes accountability and builds trust among investors, creditors, and other stakeholders—especially in emerging economies where financial literacy and disclosure practices may be limited.

Moreover, Demir and Danis (2022) highlight that for MSMEs, adopting simplified accounting standards such as SAK EMKM or IFRS for SMEs allows for efficient financial reporting without compromising relevance or reliability. This simplification ensures that business owners and external parties can interpret financial statements effectively, even with limited accounting expertise. In alignment with this view, García, Fernández, and Martínez (2023) found that the clarity and classification of financial position statements positively correlate with creditworthiness and access to financing among micro and small enterprises.

Thus, the financial position report under SAK EMKM provides a structured yet flexible framework suitable for micro and small enterprises like Kafe Maurani. By accurately identifying assets, liabilities, and equity, the business can evaluate its liquidity, monitor financial performance, and plan for sustainable growth. A well-prepared financial position statement not only fulfills regulatory requirements but also functions as a strategic tool for managerial decision-making and external stakeholder engagement.

Income Statement

According to Bahri (2016), the income statement is a financial report systematically prepared based on accounting standards that presents the results of operations for one year or an accounting period. This report shows the sources from which income is earned and the expenses incurred as the company's costs. Systematically, it is a report that details income, expenses, and profit or loss. A company's income statement may include the following items: revenue, financial expenses, and tax expenses. Since companies present several line items in the income statement, this presentation is essential for understanding the company's financial results. The income statement includes all revenues and expenses recorded for a specific period, unless otherwise stated by SAK EMKM (Aprilia, 2023).

In the context of international financial reporting, the income statement serves as a vital component in evaluating an entity's performance and profitability. According to International Financial Reporting Standards (IFRS Foundation, 2021), the income statement—often referred to as the statement of profit or loss—provides information that helps users assess the entity's capacity to generate returns and its operational efficiency. Similarly, Lee, Park, and Kim (2020) emphasize that the structure and transparency of income statements directly influence stakeholders' decision-making, particularly investors and creditors, by providing insights into the company's financial sustainability.

Furthermore, Liu and Sun (2021) argue that income statements play a crucial role in assessing both short-term performance and long-term financial viability, particularly for small and medium-sized enterprises (SMEs). In the case of MSMEs, adopting a simplified financial reporting standard such as SAK EMKM allows entities to present essential financial information in a manner that remains accessible yet reliable for decision-making purposes. Hassan and Asad (2022) highlight that even in simplified frameworks, the consistency and accuracy of income reporting enhance credibility and trust among stakeholders.

Therefore, the income statement under SAK EMKM not only fulfills compliance with national accounting regulations but also aligns with international principles of transparency, accountability, and comparability. For MSMEs like Kafe Maurani, a well-structured income statement provides a clear overview of operational outcomes, helping the owner evaluate profitability, manage resources effectively, and ensure long-term business sustainability.

Notes on Financial Statements

Notes to the financial statements provide information about the items presented in the balance sheet, income statement, and cash flow statement. The notes to the financial statements must be prepared by the company together with the other financial statements and must be presented systematically

(Bahri, 2016). According to Government Accounting Standard (SAP) No. 04, the notes to the financial statements represent an unstructured form of reporting, making them easier to understand for individuals or the general public. Therefore, if the notes to the financial statements contain adequate and comprehensive information, they can serve as a highly relevant source of information for decision-making by general users.

In the international context, the notes to financial statements serve as a key complement to the primary financial statements by providing context, explanations, and detailed disclosures that enhance users' understanding. According to the International Accounting Standards Board (IASB, 2021), disclosures in the notes are intended to improve the transparency, relevance, and comparability of financial information, particularly in areas involving management judgments, estimates, and accounting policies. These notes form an integral part of financial reporting that bridges quantitative data with qualitative interpretation.

Ronen and Yaari (2020) emphasize that the quality of note disclosures significantly influences stakeholder confidence and decision-making, especially when numerical data alone cannot capture the full economic substance of transactions. Similarly, Tsalavoutas, André, and Evans (2021) argue that meaningful and well-structured disclosures promote accountability and trust by reducing information asymmetry between management and external users. In developing economies, where small and medium-sized enterprises (SMEs) often struggle with transparency, these notes are critical in improving financial literacy and compliance with accounting standards.

Furthermore, Barth and Israeli (2022) highlight that clear and comprehensive note disclosures enhance financial statement comparability across entities and industries, improving investors' ability to assess firm performance and risk exposure. This view aligns with Hassan and Asad (2022), who found that simplified yet transparent financial note disclosures under frameworks such as SAK EMKM or IFRS for SMEs contribute to greater access to financing and long-term sustainability among micro and small enterprises.

For MSMEs, including Kafe Maurani, the notes to the financial statements play a crucial role in explaining accounting assumptions, recognition methods, and valuation bases used in financial reporting. These notes can also provide narrative explanations that help users interpret financial performance beyond numerical figures. By integrating SAK EMKM-compliant note disclosures, MSMEs can enhance credibility, attract investor and creditor confidence, and strengthen the overall accountability of their financial reporting process.

Micro, Small and Medium Enterprises (MSMEs)

MSMEs are a type of business owned by individuals or entities, whether incorporated or unincorporated. These enterprises operate independently and are not subsidiaries or branches of companies owned, controlled, or affiliated—either directly or indirectly—with other entities (Mutiah, 2019). Micro, Small, and Medium Enterprises (MSMEs) play a vital role in Indonesia's economy, both in terms of job creation and the number of businesses established. The term MSME stands for Micro, Small, and Medium Enterprises. Essentially, MSMEs refer to business activities conducted by individuals, groups, small business entities, or households. As a developing country, Indonesia regards MSMEs as the main foundation of its economic sector, serving to promote community self-reliance and development, particularly in the economic field. MSMEs constitute a significant component of the national economy, as they play a crucial role in improving community welfare and contributing to income distribution (Vinatra, 2023).

Globally, MSMEs are recognized as the backbone of sustainable economic growth, accounting for more than 90% of total enterprises and employing over 70% of the global workforce (OECD, 2022). According to Ayyagari, Demirgüç-Kunt, and Maksimovic (2020), MSMEs contribute substantially to gross domestic product (GDP) in both developed and developing economies by fostering innovation, entrepreneurship, and inclusive economic development. In emerging markets like Indonesia, MSMEs not only drive domestic production but also serve as a social safety net, absorbing labor forces that are not accommodated by larger industries.

Kumar, Stauvermann, and Patel (2021) emphasize that MSMEs play an essential role in stabilizing economic structures during crises, particularly through adaptability and localized production networks. This finding aligns with Adebayo and Tranchant (2022), who argue that MSMEs enhance economic resilience by ensuring the continuity of supply chains and promoting financial inclusion in rural and semi-urban regions. Furthermore, Nguyen and Luu (2020) found that digital transformation among MSMEs significantly strengthens business sustainability and competitiveness, particularly when supported by simplified financial frameworks such as IFRS for SMEs or national equivalents like SAK EMKM in Indonesia.

In the Indonesian context, MSMEs are considered a strategic pillar for achieving equitable economic growth. Their accessibility and labor-intensive nature allow for broader participation in economic activities, thereby reducing inequality and unemployment. As Rahman and Taufique (2023) note, supporting MSMEs through policy alignment, training, and financial literacy programs enhances their ability to formalize operations and comply with accounting standards, ultimately improving transparency and governance. This perspective reinforces the importance of frameworks like SAK EMKM, which help MSMEs maintain accountability while minimizing the complexity of financial reporting.

Therefore, the empowerment of MSMEs through standardized accounting practices not only benefits individual business owners but also contributes to national economic stability. For enterprises such as Kafe Maurani, adopting SAK EMKM ensures that financial management aligns with recognized principles, fostering growth, transparency, and sustainability within Indonesia's broader economic ecosystem.

Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM)

The Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) is a standard used by micro, small, and medium entities (SAK EMKM, 2016). In 2009, the Financial Accounting Standards Board of the Indonesian Institute of Accountants (DSAK IAI) issued the Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP) to guide small and medium entities in preparing their financial statements. However, as MSMEs continued to develop, they required a simpler standard due to limited human resources (Mardiasmo, 2016). In 2016, DSAK IAI approved SAK EMKM, which provides a simpler accounting framework than SAK ETAP, where measurement is purely based on historical cost (Pinnarwan, 2016). SAK EMKM became effective on January 1, 2018, allowing MSMEs to prepare their financial statements in accordance with this standard starting that year.

The objective of the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) is to produce financial statements that provide information about a company's financial position and performance, which are useful for various users in assessing its financial readiness. Decisions are made by individuals to fulfill their information needs. These users include providers of company resources such as creditors, investors, and financial institutions (Rahayu, 2020). SAK EMKM was established to support the preparation of financial statements for MSMEs. According to the Indonesian Institute of Accountants (IAI, 2018), the purpose and benefits of SAK EMKM are to develop accounting standards that meet the necessary requirements. In addition, SAK EMKM serves as an accounting guideline for MSMEs in conducting their business operations, thereby providing greater access to external financing and the banking industry.

The characteristics of SAK EMKM are as follows (Rahayu et al., 2020):

1. It is an independent accounting standard (not related to the General Financial Accounting Standards).
2. It primarily uses the historical cost concept.
3. It regulates only transactions commonly conducted by Micro, Small, and Medium Enterprises (MSMEs).
4. Its provisions are simpler compared to the general financial accounting standards.

Research conducted by Sari, Yulianis, and Pamenan (2022) on the preparation of financial statements for Micro, Small, and Medium Enterprises (MSMEs) based on SAK EMKM at Usaha Karak

Kaliang Marisa found that the financial records were kept manually and remained very simple. The reason for maintaining such simple bookkeeping was that the owner did not yet understand how to prepare financial statements in accordance with the standards, and due to limited time, financial reporting based on SAK EMKM had not yet been implemented. Meanwhile, a study by Purnamasari (2023) titled Analysis of the Preparation of Financial Statements for MSME Batik Sariwarni Based on SAK EMKM revealed that Batik Sariwarni had not applied financial accounting standards in recording transactions, nor implemented SAK EMKM in structuring its financial statements.

Meanwhile, a study by Manaroinsong (2022) titled Analysis of the Financial Reporting System in Accordance with SAK EMKM at MSME De Harvest Tomohon found that the financial reporting practices at De Harvest MSME were not aligned with SAK EMKM. This was due to the owner's lack of understanding of SAK EMKM, the absence of socialization or outreach from relevant institutions, and the lack of regulations regarding its implementation. Furthermore, research by Rahmadani, Candra, and Amor (2022) titled Preparation of Financial Statements Based on the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) at Bika Bakar Santi Enterprise revealed that the financial position report showed total assets of IDR 54,986,417 and equity of IDR 54,986,417, while Bika Bakar Santi MSME had no liabilities.

III. RESEARCH METHODS

The type of research used in this study is qualitative research. According to Moleong (2019), qualitative research is a type of research that produces analytical procedures without using statistical analysis or other quantification methods. It is clear that this definition contrasts qualitative research with quantitative research by emphasizing that any attempt at quantification is unnecessary in qualitative studies. In this research, the author collects data through interviews or surveys with respondents to obtain relevant information. The collected data are then processed into financial statements, and recommendations are provided in relation to this study entitled Analysis of the Preparation of Financial Statements for Micro, Small, and Medium Enterprises Based on SAK EMKM (A Case Study at Kafe Maurani, Tanah Jawa District, Simalungun Regency)

IV. RESULTS AND DISCUSSION

Recording of financial statements at Maurani Cafe

Kafe Maurani has a very simple financial recording system that has been used by the owner for approximately seven years. The business only prepares daily reports of sales made each day. As stated in the interview with the owner of Kafe Maurani, the preparation of the café's financial statements is based solely on the owner's personal understanding, due to a lack of knowledge regarding financial statements in accordance with accounting principles, and therefore, this practice has continued up to the present time.

Kafe Maurani records its financial transactions manually and based on the owner's personal understanding. As stated in the interview with Mrs. Sinta, "We only record income and expenses because we do not fully understand how to prepare complete financial statements, and sometimes we do not have enough time to make them." The owner of Kafe Maurani only records the business's income and expenditures, which include purchases of food and beverage ingredients and other miscellaneous items. For daily operational spending, the café allocates an expense budget of IDR 1,500,000 per day, excluding unexpected costs that may arise at any time. The owner maintains a simple record consisting of income and expense entries, which is done to determine the total revenue, expenditures, and debts. This information is later used to manage inventory purchases and employee salary payments at the end of each month.

The conclusion drawn from the interview above is that the financial records maintained by Kafe Maurani only include profit or loss calculations and simple financial notes that report income and expenses, such as monthly salary expenses, along with other basic financial records. Kafe Maurani has not yet accounted for its assets, such as kitchen equipment, meaning that the owner records only what is deemed necessary. According to Law No. 20 of 2008, business units with annual revenues ranging

from IDR 50,000,000 to IDR 500,000,000 are classified as micro enterprises; therefore, Kafe Maurani falls under the category of a micro business unit.

Preparation of Financial Statements based on SAK EMKM at Maurani Cafe

Based on the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM), it is stated that the concept of a business entity requires accounting records to be maintained separately from those of other entities. The researcher's observation reveals that a business entity should operate independently under its own name and clearly separate the owner's personal assets from the company's assets. SAK EMKM, as an accounting standard for micro, small, and medium entities, is expected to encourage MSMEs to become more independent and progressive. Through the implementation of SAK EMKM, MSMEs are expected to be able to prepare proper financial records and statements for their businesses, thereby improving the quality of accounting information that plays a vital role in achieving business success.

Kafe Maurani is aware of SAK EMKM but remains uncertain about its purpose and application. As stated by Mr. Yusuf, "At that time, there was a socialization event about SAK EMKM where we were taught about its purpose and benefits, but we are still confused about how to apply it."

In addition, the owner also faces challenges in implementing SAK EMKM, such as a lack of understanding of how to prepare financial statements in accordance with SAK EMKM. The owner also believes that the existing recording practices are sufficient to understand the financial condition of the business. Therefore, the researcher intends to prepare financial statements based on SAK EMKM using data collected from interviews and observations. From the interview with the owner of Kafe Maurani, it was revealed that the current simple recording system can be further developed and continued to prepare financial statements in accordance with SAK EMKM, as basic record-keeping practices are already in place. The preparation of financial statements based on SAK EMKM would undoubtedly have a positive impact if implemented by Kafe Maurani, as it would support the business's growth and development.

The preparation of financial statements based on SAK EMKM is a relatively simple requirement, one that can also be useful for obtaining financial loans from banks. From this explanation, it is clear that there is potential for Kafe Maurani to grow and develop; however, it depends on whether the owner continues to use the old recording method or decides to begin preparing financial statements in accordance with SAK EMKM. Based on the results of interviews and observations, the existing recording practices at Kafe Maurani can be further developed and used as a foundation for preparing financial statements in compliance with SAK EMKM.

Discussion and Findings

Based on the results of data analysis conducted by the researcher through observation, interviews, and documentation techniques in the field, in the study entitled Analysis of the Preparation of Financial Statements for MSMEs Based on SAK EMKM (A Case Study of Kafe Maurani in Tanah Jawa, Simalungun District), it is necessary to discuss the findings. The results of the data analysis will be reviewed in relation to the existing theories to determine the correlation between them, in order to answer the research problems formulated in this study.

Recording of Financial Statements of Maurani Cafe

Based on the results of observations, interviews, and documentation conducted during the research, Kafe Maurani's preparation of financial statements is still not in accordance with the general financial reporting practices of MSMEs and is instead based solely on the owner's personal understanding. The implementation of financial record-keeping can be considered incomplete, as evidenced by the financial record book of Kafe Maurani presented in the appendix. The records only consist of cash inflows and outflows, and the preparation of these financial statements remains simple, as they are based merely on the owner's basic knowledge. From these observations, it can also be determined that Kafe Maurani is classified as a micro enterprise, as its annual revenue is less than IDR 500,000,000

Preparation of Financial Statements Based on SAK EMKM

Based on the results of observations, interviews, and documentation conducted during the study, the simple bookkeeping practices performed by the owner are due to a lack of knowledge and personal

time constraints regarding the preparation of financial statements in accordance with the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM). This study also found that the financial statements could be further developed if the owner is willing to prepare them based on SAK EMKM. This has been demonstrated by the researcher, who prepared financial statements in accordance with SAK EMKM using reference materials from the café's existing records, including cash inflows, cash outflows, and data obtained from interviews with the owner. The implementation of SAK EMKM-based financial statements can help business owners simplify the process of financial reporting and may positively contribute to the growth and development of their business.

The financial statements of MSMEs can be prepared based on SAK EMKM, which consists of three components: the statement of financial position, the income statement, and the notes to the financial statements. Therefore, this study provides a financial statement format designed in accordance with SAK EMKM, which can be used by Kafe Maurani as a reference to prepare its own financial statements.

The statement of financial position, also known as the balance sheet, is a report that shows the financial position of an entity, including the total assets, liabilities, and equity, at a specific date

Table 1. Maurani Cafe Financial Position Report

KAFE MAURANI		
Laporan Posisi Keuangan		
Per 31 Januari 2024		
Assets		
Cash	IDR. 62.470.000	
Total assets	IDR. 62.470.000	
Liabilitas		
Ekuitas		
Capital	IDR. 47.000.000	
Current year profit	IDR.15.470.000	
Total equity		IDR. 62.470.000
Total equity and liabilities		IDR. 62.470.000

Source: Processed by researcher, 2024

As shown in Table 1 above, Kafe Maurani has a total equity of IDR 62,470,000 and a current year profit of IDR 15,470,000.

The income statement is a report that provides information about a company's performance in carrying out its operational activities over a specific period of time. An entity's income statement may include the following accounts:

- a) Revenue
- b) Expenses

In preparing the income statement, several types of data are required, including all revenue data from Kafe Maurani, such as sales and other income, as well as the following:

1. All expenses incurred for the business operations of Kafe Maurani, such as supplies expenses, electricity expenses, employee salary expenses, and other expenses related to the business activities.
2. The income statement is presented as follows:

Table 2. Maurani Cafe Profit and Loss Report

KAFE MAURANI	
Income Statement	
As of January 2024	

Income		
Operating income	IDR. 69.070.000	
Miscellaneous income	-	
Total revenue		IDR. 69.070.000
Expense		
Business Operating Expenses	IDR.46.600.000	
Salary Cost	IDR. 6.000.000	
Electricity Costs	IDR. 1.000.000	
Total Cost		IDR. 53.600.000
Profit before tax		IDR. 15.470.000

Source: Processed by researcher, 2024

From Table 2 above, it can be concluded that Kafe Maurani earned a profit of IDR 15,470,000. This result was obtained from the business revenue after deducting the operating expenses of Kafe Maurani

The notes to the financial statements explain the assumptions and accounting principles applied in the preparation of the financial statements and the income statement. The following are the notes to the financial statements of Kafe Maurani:

Table 3. Notes on the Financial Statements of Maurani Cafe

Notes on Financial Statements	
KAFE MAURANI	
As of January 2024	
1. Common	
Maurani Cafe was established in 2017 located on Jl. Sisingamangaraja, Simalungun regency. Entities engaged in the culinary sector and included in the criteria for micro, small and medium entities in accordance with Law Number 11 of 2008.	
2. Overview of important accounting policies	
a. Statement of compliance	Financial reports are prepared based on the Accounting Standards for Micro, Small and Medium Entities.
b. Basic preparation	The basis for preparing the financial statements is historical cost and uses the accrual basis assumption. The presentation currency used in preparing the financial statements is the Rupiah.
c. Fixed assets	Fixed assets are recorded at cost if the asset is legally owned by the entity. Fixed assets are depreciated using the straight-line method with no residual value.
d. Recognition of income and expenses	Service revenue is recognized when the invoice is issued or when the order has been completed and collected by the customer.
3. Cash	
Cash	IDR. 62.470.000
4. Retained earnings	
Retained earnings represent the accumulated difference between revenues and expenses	
Profit before tax	IDR. 15.470.000
5. Sales revenue	
Income	IDR. 69.070.000
6. Cost	
Operating Costs. Business	IDR. 46.600.000
Salary costs	IDR. 6.000.000
Electricity cost	IDR. 1.000.000
Total	IDR. 53.600.000

Table 3 above presents the assumptions used in recording and applying the accounting principles and methods adopted in preparing the financial statements and the income statement. It also contains a brief overview of Kafe Maurani and its accounting policy summary. Based on the research findings, the implementation of SAK EMKM at Kafe Maurani has not been carried out due to a lack of accounting knowledge, and the owner believes that the current recording practices are sufficient to monitor the business's income and expenses.

IV. CONCLUSION

The owner of Kafe Maurani is aware of the importance of financial statements for measuring the business's progress; however, the owner has not yet understood how to properly prepare financial statements. Therefore, Kafe Maurani only performs simple record-keeping in its operational activities. The financial reporting of Kafe Maurani could be further developed by applying the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM), as this standard emphasizes historical recording, which would help the café grow and advance. Kafe Maurani has not implemented financial statement preparation based on SAK EMKM due to a lack of knowledge about the standard and limited time to conduct proper recording in accordance with SAK EMKM

Suggestion

For the owner of Kafe Maurani, the preparation of the café's financial statements should be carried out comprehensively, carefully, and systematically at the end of each period, and the financial statements should be prepared in accordance with SAK EMKM.

In preparing this research, the researcher realizes that it is still far from perfect. Therefore, the researcher hopes that this study can serve as a reference and guidance for future researchers to conduct more in-depth and improved studies, particularly those related to the phenomenon of financial recording based on SAK EMKM. Hence, there remain many opportunities for other researchers to carry out further research on similar themes from different perspectives or viewpoints.

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