

Application of Financial Statements Based on Financial Accounting Standards for Micro, Small and Medium Entities in Citrus MSMEs Pressing Pak Ali

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Abstract

This research was carried out on Pak Ali's Orange MSMEs in Medan City with the aim of analyzing the application of the preparation of financial statements based on SAK EMKM. This study uses a qualitative descriptive approach with data collection techniques in the form of literature studies, interviews, observations, and documentation. The data used consisted of primary data and secondary data. The results of the study show that Pak Ali's Orange MSMEs have not implemented financial recording in accordance with the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) because business owners still do not understand these standards. Some of the obstacles faced include the owner's lack of understanding of SAK EMKM, the assumption that the preparation of financial statements is not important, and the absence of employees who have an accounting background. In addition, the absence of socialization from related agencies causes business owners to not realize the importance of implementing SAK EMKM. As a result, financial recording is still simple and only includes sales transactions, revenues, expenses, and profits without the preparation of income statements, financial position statements, and records of financial statements in accordance with applicable accounting standards.

Keywords:

SAK EMKM, Financial Statements, MSMEs, Financial Records, MSME Accounting

Introduction

Along with rapid economic development, Micro, Small, and Medium Enterprises (MSMEs) have become one of the important pillars in the Indonesian economy (Sebayang et al., 2021). MSMEs contribute significantly to Gross Domestic Product (GDP) and job creation. However, many MSMEs, including businesses engaged in the

culinary sector such as "Jeruk Peras Pak Ali," face challenges in effective and transparent financial management.

One of the main problems faced by MSMEs is the lack of understanding and application of proper accounting standards. The implementation of good financial statements is essential to measure business performance, make the right decisions, and attract investors' attention. The Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM) are specifically designed to meet the financial reporting needs of MSMEs by taking into account the characteristics and size of smaller businesses (Nasution & Junawan, 2019).

However, even though SAK EMKM has been introduced, many MSMEs still have difficulty in implementing it. This is due to various factors, such as limited accounting knowledge, poorly trained human resources, and lack of access to training and information. In this context, MSMEs "Jeruk Peras Pak Ali" is an example to explore the application of SAK EMKM in daily practice.

The implementation of financial statements based on SAK EMKM is expected to increase transparency, accountability, and financial performance of MSMEs "Jeruk Peras Pak Ali." With standardized financial statements, business owners can more easily manage finances, plan business development, and develop more effective marketing strategies. In addition, the implementation of SAK EMKM can also increase consumer and other stakeholders' confidence in the business (Chrisna et al., 2023).

Against this background, this study aims to analyze the implementation of financial statements based on SAK EMKM in MSMEs "Jeruk Peras Pak Ali," as well as identify obstacles and solutions that can be applied to improve the quality of financial statements in these MSMEs. It is hoped that this research can make a positive contribution to the development of MSMEs in Indonesia, especially in the fields of accounting and financial management.

Research Methods

A. Research Approach

The type of approach of this research is a quantitative descriptive approach. Quantitative descriptive research has the characteristics of tending to use one variable in its operations (Junawan, 2022; Supraja et al., 2024a). The study in question is to describe the application of financial statements based on the Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM) in Pak Ali's Orange MSMEs. (Sari et al., 2024; Supraja et al., 2024b)

B. Location and time of research



This research was carried out on Pak Ali's Squeeze Orange MSMEs on Jalan Sengeda No. 220, Central Aceh Regency, Aceh Province. The research was conducted from October 2024 to February 2025.

C. Types and Data Sources

1. Data Type

The type of data used in this study is using quantitative data. According to Sugiyono (2018) "Quantitative data is a type of data that can be measured or calculated numerically and is usually presented in the form of numbers based on the information obtained." This quantitative data was obtained directly from the *owner of Mr. Ali's Orange MSMEs*, Mr. Rahmad Ariga, in the form of his financial statements to analyze the implementation of the preparation of financial statements whether it is in accordance with the Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM).

2. Data Source

Primary data sources according to Sugiyono (2016:225) are types of data obtained directly from original sources or first parties. Primary data was obtained through interviews with research subjects and through observation or direct observation in the field. In this study, primary data was obtained from the results of interviews with the *Owner of Pak Ali's Orange Juice MSMEs*, namely Mr. Rahmad Ariga.

This research also uses secondary data, where the data collection that the researcher conducts through documentation, namely the researcher requests financial information directly from *the Owner of Pak Ali's Orange MSMEs* and also cites several sources from other research in the form of journals, books, theses and articles.

3. Operational Definition

The purpose of the operational definition is that in this study the definition of the independent variable in this study is clearly described and the influence of the independent variable on the dependent variable is tested.

Table 3.2 Variable Operationalization

It	Variable	Definition	Indicators
1.	Financial Statements of Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM)	Financial statements are used for micro, small and medium entities in compiling their financial statements based on the Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM) for a certain period (IAI, 2018).	1. Presenting Financial Statements of Financial Positions/Balance Sheets. 2. Present an Income Report. 3. Presenting notes on financial statements.

Source: IAI (2018)

4. Data Collection Techniques

Data is a raw material that needs to be processed so that it produces information or information, both qualitative and quantitative. In this research process, the author applies



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an approach method in collecting information data related to the thesis title. The following are the data collection techniques used by the authors:

- a. Observation was carried out directly on Orange Peras Ali MSMEs with qualitative data collection techniques that involved direct observation in the research field.
- b. Interviews are conducted in conducting data collection techniques that can be carried out in a structured or unstructured manner, and can be carried out through face-to-face meetings or by using a telephone network. Qualitative research, an interview is defined as a conversation that has a purpose and is preceded by several informal questions. The interview method is a process to obtain information in the context of research, which is carried out through a question-and-answer dialogue between the interviewer and the respondent or the interviewee. The author used a series of questions and answers when interacting with *the Owner* of Pak Ali's Orange Juice MSMEs, Mr. Rahmad Ariga, to get more in-depth information related to the company.
- c. Documentation, to collect data on the financial statements of Pak Ali's Orange MSMEs and other information in the form of books, documents, and pictures, including reports and information that can provide support to the research.

5. Data Analysis Techniques

Data analysis involves grouping data by studying and filtering the data that has been collected to identify important data that needs attention (Widiastoeti & Sari, 2020). The researcher used this technique in the data collection process for this study as follows:

- a. Collect research records from the results of observations, interviews and documentation obtained from the field.
- b. Compile financial statements produced by Pak Ali's Orange MSMEs and prepare financial statements in accordance with SAK EMKM, including financial position reports, profit and loss statements, and notes on financial statements.
- c. Collecting information related to obstacles in the preparation of financial statements by conducting interviews with owners and cashiers at Pak Ali's Orange MSMEs.

Results And Discussion

A. Result

1. Recording of Financial Statements Carried out by Orange MSMEs Squeezed by Mr. Ali

Financial statements are documents that describe the financial condition of a company at a certain time or in a certain period of time (Kasmir, 2019:7). This report presents information on the financial condition and performance of Pak Ali's Citrus MSMEs during the 2023 period, so that it can be used as a reference in the decision-making process for parties collaborating with Pak Ali's Citrus MSMEs.

Pak Ali's Orange MSMEs implement a very simple financial recording system and is done manually. Based on the results of interviews, observations, and documentation



of MSME owners, it is known that since the business was established, the owner has never prepared financial statements that are in accordance with standards. This is due to the owner's limited knowledge regarding the preparation of financial statements in accordance with the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM). The owner only records daily sales simply based on his personal understanding. In the interview, the owner revealed that "Financial records are still done manually using simple bookkeeping, where only daily sales transactions, revenues, expenses, and profits are recorded". The owner also stated that he had not implemented financial recording according to applicable accounting standards due to a lack of understanding in the field of accounting, so the recording was done in a simple way.

The following is the form of financial statements prepared by Pak Ali's Orange MSMEs as follows:

Table 1. Financial Bookkeeping Records made by Pak Ali's Orange MSMEs

It	Moon	Inclusion	Expense	Advantage
1	January	IDR 37,760,000	IDR 11,682,000	IDR 26,078,000
2	February	IDR 30,560,000	IDR 9,326,000	IDR 21,234,000
3	March	IDR 35,780,000	IDR 10,493,000	IDR 25,287,000
4	April	IDR 37,580,000	IDR 11,724,000	IDR 25,856,000
5	May	IDR 33,800,000	IDR 10,237,000	IDR 23,563,000
6	June	IDR 32,180,000	IDR 10,659,000	IDR 21,521,000
7	July	IDR 30,920,000	IDR 9,254,500	IDR 21,665,500
8	August	IDR 33,980,000	IDR 11,756,000	IDR 22,224,000
9	September	IDR 32,540,000	IDR 10,835,000	IDR 21,705,000
10	October	IDR 31,280,000	IDR 9,356,500	IDR 21,923,500
11	November	IDR 31,640,000	IDR 11,073,000	IDR 20,567,000
12	December	IDR 33,980,000	IDR 11,799,500	IDR 22,180,500
Sum		IDR 402,000,000	IDR 128,195,500	IDR 273,804,500

Source: MSMEs Squeeze Pak Ali, 2024

Based on table 4.1, it can be concluded that the financial recording implemented by MSMEs Jeruk Peras Pak Ali is still very simple and not in accordance with the Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM) and does not have any type of financial statements that are in accordance with SAK EMKM.

Based on table 1. shows that the income obtained by Pak Ali's Orange MSMEs during the 2023 period amounted to IDR 402,000,000. The expenditure obtained by Pak Ali's Orange MSMEs for one year from January 2023 to December 2023 amounted to IDR



128,195,500 and the profit earned by Pak Ali's Orange MSMEs for one year from January 2023 to December 2023 amounted to IDR 273,804,500.

Based on interviews, observations, and documentation conducted by researchers on the owners of Pak Ali's Citrus MSMEs, it was found that the financial statements used by Pak Ali's Citrus MSMEs are still very simple. The recording and financial bookkeeping are not in accordance with SAK EMKM standards. The financial statements made by Pak Ali's Orange MSMEs only include records of sales transactions, revenue, expenses, and business profits. Therefore, the researcher implements financial statements that are in accordance with the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) based on financial statements obtained from Pak Ali's Orange MSMEs.

2. Application of Financial Report Preparation Based on SAK EMKM in MSMEs Citrus Squeeze Pak Ali

SAK EMKM was issued after the pre-existing SAK ETAP, precisely in 2019. The Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) were first ratified by the Financial Accounting Standards Board (DSAK) of the Indonesian Institute of Accountants (IAI) in 2016. This standard aims to provide simpler and easy-to-implement accounting guidance for micro, small, and medium entities that have limited financial resources and capacity, so that they can still prepare financial statements without having to follow more complex standards such as the General SAK.

3. Presentation of Financial Position/Balance Sheet Report

According to IAI in SAK EMKM (2018), the financial position report presents information about the assets, liabilities, and equity of an entity at the end of the reporting period. The balance sheet also contains similar information related to the entity's assets, liabilities, and equity at the end of the period. There are two forms of presentation of balance sheet reports, namely the report format (Staffel) and the account format (Skontro). In the report format (Staffel), assets are presented first at the top, followed by liabilities and equity at the bottom. Meanwhile, in the account format (Skontro), assets are placed on the left side, while liabilities and equity are on the right side, with liabilities placed on equity (Maimuna, 2018).

The statement of the financial position of the entity according to SAK EMKM can include the following accounts:

- a. Cash and cash equivalents: includes cash available on hand, cash in banks, and other cash equivalents such as deposits that can be disbursed within three months or less. In the financial statements, cash and cash equivalents are reported as



components of current assets. The presentation of this account follows the principle of cash that is ready to be used for daily operations.

- b. Receivables: includes claims against customers or other parties that have not been paid, arising from sales transactions of goods or services. Receivables are recorded at their face value, taking into account the provision of uncollectible receivables if necessary. Receivables are presented as current assets in the statement of financial position and are usually recorded with the disclosure of their maturity time.
- c. Inventory: includes goods owned for sale in normal business activities or raw materials used in production. Inventory is recognized as the cost of acquisition, which is calculated by *the first-in, first-out* (FIFO) or average method. Inventory is reported as a current asset in the statement of financial position and may require impairment-related disclosures if its net selling value is lower than its acquisition cost.
- d. Fixed assets: are property, factories, or equipment owned and used for long-term business operations. In SAK-EMKM, fixed assets are recorded as much as the cost of acquisition and depreciated over their economic life by the chosen method (usually the straight line method). Fixed assets are presented as non-current assets in the statement of financial position, and information about accumulated depreciation and book value is usually presented.
- e. Accounts payable: is an obligation to suppliers or other parties arising from the purchase of goods or services on credit. Accounts payable is presented as a current obligation in the statement of financial position and is recorded in the amount payable. This debt reflects short-term obligations that must be repaid within the normal time period of the company's operations.
- f. Bank debt reporting period: is a loan obtained from a financial institution, both short-term and long-term. In financial statements, bank debts that mature in one year are recorded as current liabilities, while long-term ones are presented as non-current liabilities. Bank debt is recorded in the amount of the principal of the debt owed along with unpaid interest, and usually requires disclosure regarding the terms and conditions of the loan.

MSMEs Orange Peras, Mr. Ali did not prepare a report on his financial position in his financial statements, due to a lack of knowledge about accounting. Therefore, the researcher presents a financial position report (balance sheet) that is in accordance with the Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM) whose data is obtained directly from Pak Ali's Orange MSMEs. In the



preparation of the financial position report, the data needed is data on current assets, fixed assets, liabilities or debts, and equity owned by Pak Ali's Orange MSMEs.

Table 2. Statement of Financial Position (Balance Sheet)

ORANGE SQUEEZE PAK ALI		
BALANCE SHEET REPORT		
PERIOD 31 DECEMBER 2023		
ASSETS		
CURRENT ASSETS		
Cash	IDR 250,000,000	
Equipment	IDR 35,416,000	
Supplies	<u>IDR 15,784,000</u>	
TOTAL CURRENT ASSETS OF	IDR 301,200,000	
FIXED ASSETS		
Equipment	IDR 6,000,000	
Akm. Peny. Equipment	<u>(IDR 1,200,000)</u>	
FIXED ASSET AMOUNT		<u>IDR 5,800,000</u>
NUMBER OF ASSETS		IDR 307,000,000
LIABILITY		
Accounts Payable	0	
AMOUNT OF LIABILITIES		0
EQUITY		
Capital	IDR 20,000,000	
Profit balance	<u>IDR 287,000,000</u>	
AMOUNT OF EQUITY		<u>IDR 307,000,000</u>
AMOUNT OF LIABILITIES & EQUITY		IDR 307,000,000

Source: Data Processed by Researcher, 2025

Based on table 1. In the balance sheet report, Pak Ali's Orange MSMEs have current assets, consisting of cash, equipment, and supplies, with a total of IDR 301,200,000. Fixed assets, after deducting accumulated depreciation of equipment, were recorded at IDR 5,800,000. These MSMEs have no liabilities, with a capital of IDR 20,000,000 and an operating profit of IDR 287,000,000. Data on cash, equipment, supplies, equipment, and capital were obtained through interviews. During the interview, the business owner revealed that the cash owned was IDR 250,000,000, final equipment worth IDR 35,416,000, final supplies of IDR 15,784,000, equipment of IDR 6,000,000, and capital of IDR 20,000,000. The accumulated depreciation of equipment is calculated by the researcher using the straight-line method, which is by formulating the purchase price minus the residual value, then divided by the economic life of the equipment.

2. Presentation of Profit and Loss Statement

The income statement, also known as *the income statement* or *profit and loss statement*, is part of the company's financial statements prepared for a certain period. This report contains information about the company's revenue and expenses, so that the amount



of net profit or loss generated can be known. The elements in the income statement include sales, sales returns, cost of goods sold, initial inventory, purchases, transportation expenses, purchase returns, final inventory, sales expenses, administrative and general expenses, and tax expenses (Marwati, 2018). MSMEs Citrus Peras, Mr. Ali did not prepare a profit and loss statement in his financial statements due to limited understanding in the field of accounting. Therefore, the researcher compiled an income statement based on the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) using data obtained directly from Pak Ali's Orange MSMEs.

Table 3. Income Statement

ORANGE SQUEEZE PAK ALI		
INCOME STATEMENT		
PERIOD 31 DECEMBER 2023		
INCOME		
Operating Revenue	IDR 402,000,000	
NET INCOME	IDR 402,000,000	
COST OF GOODS SOLD		
Initial Supply	IDR 8,000,000	
Purchase	IDR 68,184,000	
Available Items for Sale	IDR 73,184,000	
Final Supply	IDR 15,784,000	
Cost of Goods Sold		(Rp 57,400,000)
GROSS REVENUE	IDR 344,600,000	
LOADS		
Salary Burden	IDR 24,600,000	
Electrical Load	IDR 9,600,000	
Rental Expense	IDR 7,200,000	
Equipment Cost	IDR 5,000,000	
Burden of Peny. Equipment	IDR 1,200,000	
Miscellaneous Expenses	IDR 10,000,000	
TOTAL LOAD		(IDR 57,600,000)
BUSINESS PRACTICE		IDR 287,000,000

Source: Data Processed by Researcher, 2025

Based on table 4.3 of the income statement above, MSMEs Citrus Peras Pak Ali recorded a net income of IDR 402,000,000 and a cost of goods sold (COGS) of IDR 57,400,000. Gross profit was recorded at IDR 344,600,000, obtained from net income minus HPP. The salary expense was Rp 24,600,000, the electricity expense was Rp 9,600,000, the rental expense was Rp 7,200,000, the equipment expense was Rp 5,000,000, the equipment depreciation expense was Rp 1,200,000 and the other expenses were Rp 10,000,000, all obtained from the interview. The cost of equipment amounted to Rp 5,000,000, calculated from the difference between the initial equipment of Rp 40,416,000 and the rest of the equipment of Rp 35,146,000, based on the interview. The depreciation expense of the equipment is Rp 1,200,000, calculated



from the purchase price of the equipment of Rp 6,000,000 minus the residual value of Rp 0 (because the owner does not intend to resell it), divided by the economic life of 5 years. The business profit of Pak Ali's Orange Squeeze MSMEs is IDR 287,000,000, which is obtained from gross profit minus total expenses.

3. Notes on Financial Statements

Notes on financial statements are reports that present additional information and provide explanations regarding the financial data that has been presented. According to Maimuna (2018), this record contains complementary information in financial statements that explain narratively or detail the numbers listed in it. In addition, this record also contains information about elements that do not meet the recognition criteria in the financial statements. The scope of records on financial statements includes:

- a. A statement that the financial statements have been prepared in accordance with the Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM).
- b. Overview of accounting policies.
- c. Additional information and details of certain posts that describe important and material transactions so that it is useful for users to understand the financial statements.

Pak Ali's Orange MSMEs did not compile notes on the financial statements in their financial statements, due to a lack of knowledge about accounting. Therefore, the researcher presents notes on financial statements that are in accordance with the Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM) whose data is obtained directly from Pak Ali's Orange MSMEs.

Table 4. Notes on Financial Statements

ORANGE SQUEEZE PAK ALI Notes on Financial Statements PERIOD 31 DECEMBER 2023
1. GENERAL Pak Ali's Orange Squeeze MSMEs were established on Jl Sengada No. 220 Central Aceh in 2021, and have a branch on Jl. Pante Raya Bener Meriah. Pak Ali's Orange Juice MSMEs are one of the micro, small and medium enterprises engaged in orange-based beverages. This business is known for utilizing local citrus produce, which is processed into fresh drinks. In addition to supporting the local agricultural sector, this business is also one of the innovations in utilizing natural resources in Central Aceh.
2. OVERVIEW OF ESSENTIAL ACCOUNTING a. Compliance Statement The financial statements prepared by Pak Ali's Orange MSMEs are not in accordance with the Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM).



b. Basis for Preparation

The basis for the preparation of financial statements at MSMEs in Pak Ali's Orange Juice is historical costs and uses basic assumptions of accrual. The currency of presentation used for the preparation of financial statements is Rupiah.

c. Accounts Receivable

MSMEs Citrus Peras, Pak Ali, do not have business receivables because MSMEs are only selling their merchandise in cash.

d. Inventory

Pak Ali's Orange Squeeze MSMEs have not counted the inventory of merchandise.

e. Fixed Assets

Fixed assets in the book statements have not been recorded. Pak Ali's Orange MSMEs admitted that fixed assets were equal to the acquisition price. The method of depreciation of fixed assets in Pak Ali's Orange MSMEs has never been calculated. After the researcher calculated, the fixed assets were equipment located in Pak Ali's Citrus MSMEs such as Box Containers, Press Cup Machines, Dispensers, Thermos, Jars, Fruit Aquariums and Chairs.

f. Recognition of Income and Expenses

Orange MSMEs squeeze Mr. Ali in acknowledging sales revenue when sales to consumers occur. Loads are recognized at the time of load. For example, when there is a salary burden when paying salaries, electricity costs when paying electricity, and other expenses.

3. KAS

The initial cash owned by Pak Ali's Orange MSMEs is IDR 250,000,000

4. ACCOUNTS RECEIVABLE

Pak Ali's Orange Juice MSMEs do not have bills to customers at the end of each year.

5. INVENTORY

Final merchandise inventory IDR 15,784,000

6. PREPAYMENT OF EXPENSES

MSMEs Squeeze Orange Pak Ali does not have the burden of being paid in advance

7. LOADS

Salary Expense IDR 24,600,000

Electricity Load Rp 9,600,000

Rental Expense IDR 7,200,000

Equipment Cost IDR 5,000,000

Equipment Depreciation Expense Rp 1,200,000

8. LIABILITIES

Pak Ali's Orange Squeeze MSMEs have no debt to his business.

9. LABA BALANCE

Profit balance is the accumulation of the difference between income and expenses, after deducting the distribution to the owner. The profit balance owned by Pak Ali's Orange MSMEs is IDR 287,000,000

10. SALES REVENUE

Sales IDR 402,000,000

11. MISCELLANEOUS BURDEN

Others IDR 10,000,000

Source: Data Processed by Researcher, 2025

Researchers obtained additional information about the equipment available, including books, pens, cups, pipettes, plastic, plastic press cups, sugar, citrus fruits,



and gallons of water. The calculation of equipment load is carried out by the formula: initial equipment minus the rest of the equipment. With an initial equipment value of IDR 40,416,000 and the rest of the equipment of IDR 35,416,000, the calculated equipment load is IDR 5,000,000 (IDR 40,416,000 – IDR 35,416,000). Meanwhile, the available equipment includes box containers, cup press machines, dispensers, thermoses, jars, fruit aquariums, and chairs. The calculation of equipment shrinkage load uses the straight line method with the following formula:

$$\frac{\text{Purchase Price} - \text{Residual Value}}{\frac{\text{(Remaining)}}{\text{Economical Life}}}$$

The cost of acquiring the equipment is Rp 6,000,000 with a remaining value of Rp 0.00, because the owner does not plan to resell the equipment. The economic life of the equipment is estimated to be 5 years, so the depreciation expense is calculated as follows: equipment cost = (IDR 6,000,000 – IDR 0.00) / 5 = IDR 1,200,000 per year.

Financial statements do not always include all the information needed by interested parties. Therefore, notes on financial statements are needed to provide additional information in descriptive and narrative form.

B. Discussion

1. Application of the preparation of financial statements based on Financial Accounting Standards for Micro, Small and Medium Entities in MSMEs of Pak Ali's Citrus

This study examines the format of financial statements based on SAK EMKM that can be applied by MSMEs of Pak Ali's Orange Press. The business, which has been engaged in the beverage sector since 2021, has not implemented financial records according to these standards. Business owners consider the preparation of financial statements to be too complex and are not aware of the socialization related to SAK EMKM. Currently, financial recording only includes sales transactions, revenue, expenses, and profits without following structured accounting standards.

The owner of Pak Ali, an MSME owner of Orange Press, has not realized the importance of financial records in accordance with SAK EMKM and does not consider the preparation of financial statements as crucial. According to the owner, the process of preparing financial statements feels too complicated, time-consuming, and requires additional costs. As a result, the owner does not understand how to record and prepare financial statements in accordance with the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM). In addition, they also admitted



that they had never known or participated in socialization related to the preparation of SAK EMKM-based financial statements. Therefore, the owner only understands financial recording as a tool to find out business income, expenses, and profits. Currently, financial recording at Pak Ali's Orange MSMEs is still simple and does not refer to SAK EMKM, so the information generated cannot fully support overall decision-making. These MSMEs only compile financial statements that include records of sales transactions, revenue, expenses, and profits. However, owners realize the importance of separating personal money from business money to make it easier to track income and expenses accurately.

The researcher assists the owner of Pak Ali's Orange MSMEs in implementing the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) in the preparation of financial statements. Based on the results of the research, it can be concluded that the financial statements of Pak Ali's Orange Juice MSMEs are still not fully in accordance with the SAK EMKM standards.

2. Profit and Loss Statement based on SAK EMKM

The results of this study show that Pak Ali's Orange Juice MSMEs do not prepare profit and loss statements in their financial statements due to limited accounting knowledge. Based on the income statement prepared in accordance with SAK EMKM, the operating profit obtained was IDR 287,000,000, while in the financial records made by the MSMEs, the operating profit was recorded at IDR 273,804,500. The difference in the amount of business profit occurred because the owner of Pak Ali's Orange MSME did not take into account the cost of goods sold of Rp 57,400,000, equipment expenses of Rp 5,000,000, and equipment depreciation expenses of Rp 1,200,000. The owner only includes expenses for the purchase of stock of supplies, salary payments, electricity, and rent.

The results of this study are in line with the research of Widiastiawati and Hambali (2020) which stated that UD Sari Bunga has not recorded and compiled an income statement. The owner does not know how to prepare the income statement so the owner only prepares the bookkeeping report.

3. Financial position report based on SAK EMKM

The results of this study revealed that Pak Ali's Orange MSMEs did not prepare a report on their financial position or balance sheet in their financial statements due to limited accounting knowledge. This MSME has current assets worth IDR 301,200,000, fixed assets of IDR 5,800,000, no liabilities, and equity of IDR 307,000,000. Current assets owned include cash of IDR 250,000,000, equipment worth IDR 35,416,000, and inventory of IDR 15,784,000. Meanwhile, the fixed assets owned consist of equipment



worth IDR 6,000,000 with an accumulated depreciation of IDR 1,200,000. In its financial records, the owner never calculates the value of equipment, supplies, and equipment and its accumulated depreciation. Therefore, the researcher calculated fixed assets by subtracting the accumulated depreciation value of equipment owned by Pak Ali's Orange MSMEs.

This research is in line with a study conducted by Gaol, Desianti Lumban (2021), which stated that UD Tambun did not prepare a financial position report and never made calculations on its fixed assets.

4. Notes on financial statements based on SAK EMKM

The results of this study revealed that MSMEs of Pak Ali did not compile notes on financial statements in their financial statements due to limited accounting knowledge. The notes on the financial statements applied to MSMEs include additional information regarding general aspects, summary of main accounting policies, cash, accounts receivable, inventory, prepaid expenses, various expenses, bank debts, profit balances, sales revenues, and other expenses.

The results of this study are in line with the research of Widiastiawati and Hambali (2020) which stated that UD Sari Bunga has not recorded and compiled records on financial statements. The owner does not know how to compile records on financial statements so the owner only prepares bookkeeping reports.

The results of this study can be related to compliance theory, which states that understanding, awareness, and ease of application affect compliance with a regulation. Pak Ali's Orange MSMEs have not implemented SAK EMKM due to a lack of understanding and socialization, as well as the assumption that the preparation of financial statements is too complicated and not urgent. This non-compliance is *voluntary noncompliance*, which occurs not because of the intention to violate, but because of limited knowledge and resources. To increase compliance, more intensive socialization, mentoring, and simplification of the implementation of standards are needed to make it easier for small business actors to understand.

The results of the study show that Pak Ali's Orange Juice MSMEs have not prepared financial statements in accordance with SAK EMKM standards. This is due to the limited understanding of business owners regarding accounting, so that financial recording is still very simple and manual, based on the knowledge they have. Findings related to the implementation of SAK EMKM on Pak Ali Citrus MSMEs in Medan City can be presented in the following table:



Table 5. Results of Analysis of the Implementation of Financial Statement Preparation Based on SAK EMKM on MSMEs Citrus Squeeze Pak Ali

It	SAK EMKM	Information
1	Statement of Financial Position/Balance Sheet	None
2	Income Statement	None
3	Notes on Financial Statements	None

Source: Data Processed by Researcher, 2025

Conclusion

A. Conclusion

1. Pak Ali's Orange MSMEs have not prepared financial statements in accordance with SAK EMKM standards due to the owner's limited understanding of accounting.
2. Financial recording is still simple, only covering sales transactions, revenues, expenses, and profits without a standard accounting structure.
3. The income statement prepared based on SAK EMKM shows the difference in profit calculation, operating profit in accordance with SAK EMKM obtained of Rp 287,000,000, while in the financial records made by MSMEs Citrus Peras Pak Ali, the operating profit was recorded at Rp 273,804,500, due to the non-inclusion of the cost of goods sold of Rp 57,400,000, equipment expenses of Rp 5,000,000, and equipment depreciation of Rp 1,200,000.
4. MSMEs Orange Squeeze Pak Ali did not prepare a financial position statement so that the current asset value of IDR 301,200,000, fixed assets of IDR 5,800,000, and equity of IDR 307,000,000 were not calculated correctly.
5. The record on the financial statements was not made because the owner of the MSMEs Citrus Peras, Mr. Ali, did not understand how it was prepared and the importance of additional information for business continuity.

B. Suggestion

1. Based on the results of the research and discussion that has been carried out, the author provides several suggestions that can be used as input and consideration for interested parties, namely the following:
2. Owners of Pak Ali's Orange MSMEs should take part in training or socialization related to SAK EMKM to increase their understanding of the preparation of financial statements in accordance with standards.



3. It is recommended to start implementing SAK EMKM-based financial statements to obtain more accurate financial information that can be used in decision-making.
4. Pak Ali's Orange Squeeze MSMEs need to separate personal money and business money more firmly so that financial records become more structured and transparent.
5. Owners of Pak Ali's Orange MSMEs can use a simple accounting application to help financial records to be more systematic and in accordance with standards.
6. The government or related institutions are expected to be more active in providing assistance to MSMEs so that they can better implement SAK EMKM.

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