



The Difficulty in the Implementation of Accounting Standard for Non Publicly Accountable Entities

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doi.org/10.33795/jraam.v7i2.003

Article Information

Submission date	16-07-2024
Revised date	30-09-2024
Accepted date	30-09-2024

Keywords:

Financial Statements;
SAK ETAP;
SME.

Abstract: The Difficulty in the Implementation of Accounting Standard for Non Publicly Accountable Entities

Purpose: This research investigates the application of SAK ETAP in financial report of a non-publicly accountable entity.

Method: Observational data collection techniques, documentation, interviews, and literature reviews with qualitative descriptive research.

Results: Single-entry or cash-based bookkeeping for financial reports leading to inaccuracies in the recording process.

Novelty: This research focuses on SAK ETAP and the integration of strategic analysis frameworks to identify the most appropriate approach for object.

Contribution: This research not only answers current challenges for object, but also the broader discourse SAK ETAP implementation.

Kata kunci:

Laporan Keuangan;
SAK ETAP;
UMKM.

Abstrak: Kesulitan Penerapan Standar Akuntansi Keuangan bagi Entitas Non-Akuntansi Publik

Tujuan: Penelitian ini menggali penerapan SAK ETAP dalam laporan keuangan pada sebuah entitas tanpa akuntabilitas publik.

Metode: Koleksi data melalui observasi, dokumentasi, wawancara, dan studi kepustakaan, dengan pendekatan kualitatif deskriptif.

Hasil penelitian: Pencatatan pembukuan *single-entry*/ basis kas digunakan dalam laporan keuangan, sehingga terdapat ketidakakuratan.

Kebaruan: Penerapan penelitian spesifik berfokus pada SAK ETAP dan integrasi kerangka analisis strategis yang tepat untuk objek.

Kontribusi: Penelitian tidak hanya menjawab tantangan pada objek namun juga wacana yang lebih luas mengenai implementasi SAK ETAP.



1. Introduction

Numerous small, medium, and large-

scale business models have been formed in tandem with the growth of the business world.

Most Indonesians engage in small and medium-sized businesses (SMEs) as one of their economic pursuits. Small and medium-sized businesses (SMEs) need to be encouraged and supported in order for them to persist, grow their clientele, and create more jobs.

One of the main objectives of establishing a company is to obtain profit in order to maintain the continuity of operations (going concern) and provide value to its investors. Consequently, every activity carried out by the company tends to be directed towards achieving economic benefits and opportunities for growth. Companies are required to have a competitive advantage in order to obtain sources of funds to maintain going concern and its opportunities for growth. This aspect of providing information is usually realized through the media, namely financial reports.

Financial reports are the output of financial accounting prepared by management to provide financial information for stakeholders, both internal and external, as a basis for decision making [1]. Financial reports also make it easier for entrepreneurs to account for their operational activities to other parties.

The financial statements' contents will be helpful in providing information about the company's performance, financial position, and changes that will benefit the company's internal and external groups. This information can then be utilized as a foundation for making economic decisions [2].

The profession and all users of financial accounts depend heavily on accounting standards. Four main categories of enterprises in Indonesia use the four types of accounting standards as a reference for creating their financial statements. The financial accounting standards for organizations not subject to public accountability is one of them (SAK ETAP). SAK ETAP is a financial accounting standard that operates independently of general SAK. It primarily relies on the concept of historical cost and regulates

common business transactions. It also follows less complex forms of regulation regarding recognition, measurement, presentation, and disclosure. Furthermore, it has remained mostly unchanged for a number of years.

One way the accounting profession supports the growth and development of the country's economy, which is built on the strength of small, medium, and cooperative firms, is through the SAK-ETAP program. The Financial Accounting Standards for Entities Without Public Accountability (SAK-ETAP) are designed for businesses with a sizable operational footprint but little to no public accountability. In addition to facilitating simple bank funding access, SAK-ETAP seeks to give flexibility in its deployment. Small businesses should be able to generate their own financial statements, get audit views, and be able to use those financial statements to secure funding for business development—all of which are anticipated benefits of SAK-ETAP itself.

While not fully adopted, commonly accepted accounting standards in Indonesia are used in the research undertaken at Lotter Billiard and Cafe. As such, the company's internal parties are the only ones who can use their financial statements. Despite having financial statements already, Lotter Billiard and Cafe do not comply with applicable standards, which include providing comprehensive details about the company's financial position, profit and loss, changes in equity, cash flow, sources of funding, use of funds, and accounting policies [3].

Businesses with strong performance are those that can endure in a highly competitive environment. One of the important areas in a company is finance, because finance is needed in decision making, which is seen from the Financial Statements. Lotter Billiard and the company owner of Cafe has not managed his business in accordance with applicable accounting information standards, resulting in poorly controlled operations. This has motivated the researcher to attempt implementing SAK ETAP-based financial

report preparation at Lotter Billiard and Cafe. The company has been operating for a considerable amount of time, but limited knowledge of financial management and a lack of human resources in the financial report preparation process have made this impossible.

The unavailability of good financial reports tends to produce information that is less relevant to the company's condition in an accounting period. The irrelevance of the company's financial information certainly has a significant impact on business continuity where it is difficult for business actors to make decisions for the business they run and tend to make mistakes in making decisions.

Owners continue to struggle to distinguish their personal and business assets because they believe that their financial reports do not meet appropriate financial accounting requirements. Owners seek a financial reports that comply with standards in order to gain a better understanding of the earnings and losses incurred, as a result of the financial reports being deemed inadequate in depicting the true state of the business.

Research that has been conducted by several previous researchers on SAK ETAP has several differences, including: in his research on the evaluation of the implementation of SAK ETAP at PT. Tunas Dwipa Matra (TDMN), found that the financial report of PT Tunas Dwipa Marta was in accordance with SAK ETAP [4]. Previous research on CV. Sapta Putra Mekar, found that their financial report was not in accordance with SAK ETAP, because they only made its profit and loss report [5]. SAK ETAP is a financial accounting standard in Indonesia specifically designed for entities without public accountability. These entities are typically smaller businesses, cooperatives, or non-profits that do not issue financial statements for regulatory or public investment purposes. Financial Statement Components consist of Preparation of simplified financial statements (e.g., balance sheets, income statements, and cash flow statements) and

notes to the financial statements. [6]. Another research on Accounting Process System using web-based SAK ETAP stated that 83% of entities did not understand SAK ETAP and 70% used manual way to record the transaction as well as to produce report [7]. Previous research on Implementation and Presentation of Financial Reports Based on SAK ETAP, stated that the company had not yet established SAK ETAP financial reports, the company only had a cash book [8]. Previous study on the Influence of Internal and External Characteristics of the Finance Department stated that the preparation of financial reports was not in accordance with SAK ETAP [9].

2. Method

The research method is a strategy to gather information by employing particular methods. A qualitative and descriptive methodology is used in this investigation. The interview method was employed as the data gathering methodology in this study. The purpose of this case study is to examine and explain how SMEs implemented an accounting information system based on SAK ETAP

Type of Research Data. Primary data are the kind of research data used in this study. Researchers conduct in-depth interviews with informants or employees using a variety of questions that have been prepared by researchers for primary data, which is processed data that is directly collected from the finance department and owners at Lotter Billiard and Café.

And Researchers will prepare various questions that are directly answered by Employees and researchers will record answers from Employees. The tools used in the study are stationery and electronic telecommunications devices or mobile phones as video call tools and to document during the interview. By conducting two-way communication research, it is hoped that accurate answers will be obtained. While for secondary data as supporting data which is

data taken from library materials.

Place and Time of Research. The place of this research was conducted at Lotter Billiard and Cafe located on Jalan Raya Sapen Ruko Sukorejo, Sukorejo Village, Sukorejo District, Kendal Regency. The time of implementation of this research is July - October 2020.

Subject and Object of Research. In accordance with the background of this research, the subjects of this research are the business owners and finance employees who work at Lotter Billiard Cafe. The researcher will take 3 (three) respondents to conduct direct interviews. Meanwhile, the object of this research is the problem being studied by the researcher, namely the Implementation of Financial Accounting Information Systems Based on SAK ETAP.

Data Collection Method. Conducted in field studies are conducted by means observation by directly viewing data objects, which is one of the methods or approaches to collecting primary data [10]. The author of this study collects data for the study using both historical and current data records, analyzing them using non-behavioral observation and can also be done by means of interviews, which are two-way conversation with respondents used to collect data. The author engages in direct question and answer sessions, both in official and informal settings, with stakeholders involved in the issues to be covered in the research paper, namely pertaining to the use of accounting to record business finances.

Then for library research the process of conducting a literature study involves going to the library and looking for books that address the issues brought up. Using the knowledge gathered, issues pertaining to the creation of financial reports using SAK ETAP will then be resolved.

In this study, the researcher will use structured interviews. The researcher has prepared several questions for respondents related to this study and conducted Q&A by meeting face to face between the researcher

and the Core Informant. In conducting interviews, researchers bring aids such as mobile phones to record and document during the interview to be used as research evidence. From the results of interviews with respondents, then the researcher will convert the recording results into text or writing and draw conclusions from the findings of the interview results.

Data Analysis Techniques. The data analysis technique used by researchers is to analyze research during the interview. Where researchers will analyze data during the interview and if the researcher is not satisfied with the respondent's answers, the researcher will ask questions again to the respondent to a certain stage. Data analysis is the methodical process of gathering information from interviews, field notes, and documentation. It involves classifying the data, characterizing each unit, synthesizing the information, gathering patterns, determining which are significant and will be further investigated, and drawing conclusions that are simple to comprehend for both you and other people [11].

3. Results and Discussion

History and Development of Lotter Billiard and Café. Lotter Billiard and Cafe is one of the largest entertainment venues in the city of Sukorejo, Kendal. In addition to Billiard, there is also a karaoke room for visitors who want to sing and there is a cafe if you just want to relax and enjoy snacks and various drinks. Lotter was founded in 2002, at that time only billiards. Following for karaoke in 2012 until now it has had 8 rooms. The establishment of Lotter Billiard and cafe itself was based on the owner Mr. Setyo Budi Utomo Sh, Mh who likes to play billiards. The presence of this entertainment venue was welcomed by the local community, various innovations and creations were made to make visitors comfortable. The strategy carried out by the owner can be said to be successful, as evidenced by the increasing number of visitors who come, both from within the city

and outside the city. Until now, Lotter Billiard and Cafe already has dozens of employees who are divided based on their respective jobs.

The organizational Structure of Lotter Billiard and Café consists of Owner, Admin, Cashier, Operator, LC, Cleanliness, Driver and Security. Based on the organizational structure, the duties and responsibilities of each will be described according to their position. Company Owner has some function such as establish general policies for the company, supervise operational activities carried out by all employees in accordance with their duties and responsibilities, and responsible for the running of the company

Another role is admin who has duty to record all income or expense transactions, correct notes made by the cashier, check the cashier's calculations, make financial reports, responsible for reporting the company's finances to the owner.

The cashier's role is to record transactions made by visitors, responsible for notes, report sales to the admin. The operator's duties include serving guests, check sound and be responsible for equipment maintenance. LC acts as find song and Accompany guests singing in the room. Cleanliness is responsible for cleaning all places both indoors and outdoors and wash all existing equipment. The driver's duty is to receive orders for goods and escort owners and employees who have travel interests. Security plays a role in maintaining a conducive situation and checking every guest arrival and ensuring safety from danger.

Data Analysis. Financial Reports made by the Company Lotter Billiard and Cafe Company is a company that provides karaoke room, billiard and cafe services. This company has 25 employees who actively work according to their fields. There are 2 people who are admins and manage and make the company's financial reports. However, the financial reports made by the company are still very simple and manual. Recording is done to find out how much expenditure and

income the company receives. Recording is done based on the understanding of the business owner and its employees. The accounting records of the Lotter Billiard and Cafe company are as follows:

Cash Records Lotter Billiard and Café records cash every day to find out income and how much expenditure is incurred. The definition of this recording, it can be seen that the company records daily cash by adding up all income on that day and subtracting expenses. Also conveyed by the admin, Ms. Yanti during an interview on Tuesday, January 12, 2020 at 19.00 WIB that the recording of financial reports is still limited to manual reporting and then copied to a laptop. So that understanding of financial reports is limited to recording cash inflows and outflows only.

Notes The amount of employee salary is due to the length of time the employee has worked, the complexity of the work done by each employee, and employee achievement and discipline. For LC salary, it is not included in the company's expenses, because LC salary is paid directly when the LC works, which is 60 thousand / hour.

Income Statement Notes Recording of income statements is carried out by the company to find out whether the company is experiencing losses or profits. To find out the results, the company adds up all the income earned by Lotter Billiard and Cafe for one month, then subtracts all expenses for one month.

Financial Report Recording System.

There are multiple recording techniques, including double entry and single entry [12]. Bookkeeping exclusively employs the single entry recording system, but accounting is able to use all three. It was mentioned that a single bookkeeping system, or bookkeeping, is another term for the single entry recording system. Economic transactions are only recorded once under this particular method. There are certainly several benefits to this recording system. However, this approach has several drawbacks as well, such as poor

reporting capabilities and challenges in identifying inaccuracies in bookkeeping. As a result, accounting has a stronger recording system that can get over these shortcomings. The double entry system is the name given to this system. It is common to refer to this double entry recording mechanism as accounting.

The use of double entry in each transaction means that the recording that occurs will be recorded in the correct account. Because each balancing account functions as a cross-check media. In addition to accuracy in recording accounts, double entry also has the ability to record transactions in accurate nominal amounts, because the amount of the debit side must be the same as the amount of the credit side.

Lotter Billiard and Cafe in its recording system still uses a single entry or bookkeeping system. Because the recording of financial reports is recorded based on the knowledge of the owner who only knows the recording with a single entry system. The recording that has been done by Lotter Billiard and Cafe has met the principle of accountability. Accountability is the responsibility carried out by a person or institution for all of its actions that are directed to those who give authority. Put another way, accountability is having to answer to a higher authority or superior for all actions and activities, particularly when it comes to financial administration. In this instance, Mr. Setyo Budi Utomo, the business owner, received reports from Ms. Yanti and Misbahun, the administration department, on a variety of administrative-related topics.

Discussion accounting cycle Identification stage allows you to pinpoint the transactions a business completed within a specific time frame. Finding transactional evidence is also the first step in creating a journal. Identifying transactions from the available transaction evidence is the purpose of the identification stage. As previously stated, Tria's Cake & Bakery completed the identification in this instance in compliance with current accounting rules.

Recording stage, A transaction and an event that needs to be documented mark the start of the accounting cycle. Any activity that modifies the capital, obligations, or assets of third parties is referred to as a transaction. Every transaction is documented in the journal, allowing us to access the journal and learn about every transaction that takes place within the organization. Since the journal book is the source of transaction recording, it is made to be able to hold the explanations that go along with the transaction. Posting the diary to the ledger comes next after it is created.

As of the journaling stage, Tria's Cake & Bakery has not kept track of any transactions while putting together its financial records. The likelihood of inaccuracies in the nominal values of various current accounts increases when Lotter Billiard and Cafe record transactions and accounting activities on a cash basis. The necessity of using an accrual basis for the recognition technique is explained in SAK ETAP itself.

Implementation of Lotter Billiard and Cafe Financial Reports Based on SAK ETAP, an entity's cash flow, financial performance, and financial condition are all fairly presented in the financial statements. Sincere disclosure of the results of transactions, occurrences, and other circumstances that conform to the standards and definitions for classifying assets, liabilities, revenue, and expenses is necessary for a fair presentation. Financial statement data that identifies Lotter Billiard and Cafe contains cash records, debt records, reports on gains and losses, and employee salary information. The author suggests using financial reports that comply with SAK ETAP because there are some reports that do not comply to the accounting standar.

Balance Sheet, The balance sheet, also known as the financial position report in financial accounting, is a component of the financial statements generated for a company during an accounting period that displays the

entity's financial position (assets, liabilities, and capital) at the conclusion of the period. The company's foundation for corporate decision-making will be the Financial Position Report. Lotter Billiard and Cafe have not created a balance sheet in this instance.

Income Statement, The entity's earnings and outlays for a certain time are shown in the income statement. Only profit and loss can be used to offset changes in equity and the profit and loss report, allowing Lotter Billiard and Cafe to publish a profit and loss report and cash balance instead. According to SAK ETAP, an entity may present a profit and loss statement and retained earnings in lieu of a profit and loss statement and a statement of changes in equity if, during the period the financial statements are presented, the entity only experiences changes in equity as a result of profit or loss, dividend payments, corrections of prior period errors, and changes in accounting policies. Despite include a profit and loss statement in their financial filings, Lotter Billiard and Karaoke continue to deviate from SAK ETAP. due to the fact that COGS has not been included in their reports.

Statement of Changes in Equity, The purpose of the statement of changes in equity in accordance with SAK ETAP, namely the Statement of changes in equity presents the entity's profit or loss for a period, items of income and expenses recognized directly in equity for the period, the effects of changes in accounting policies and corrections of errors recognized in the period, and (depending on the format of the statement of changes in equity chosen by the entity) the amount of investments by, and dividends and other distributions to, equity holders during the period. The entity presents a statement of changes in equity that shows: The initial profit or loss for the period, income and expenses recognized directly in equity and each component of equity the impact of the changes.

Lotter Billiard and Cafe have not made a statement of changes in equity in their

financial statements. The cash flow statement presents information on historical changes or cash and cash equivalents of the entity, which shows separately the changes that occur during a period from operating, investing, and financing activities. The entity discloses, together with management's opinion, the amount of significant cash and cash equivalents that the entity has, but cannot be used by the entity. This is due to restrictions on foreign exchange traffic or legal restrictions. SAK ETAP recommends that cash flow statements be prepared using the indirect method. Lotter Billiard and Cafe have not prepared cash flow statements in their financial statements. In their business activities, Lotter Billiard and Cafe do not have any investment or financing activities. This is because the scope of the business is still small, so Tria's Cake & Bakery maximizes the assets they already have.

Notes to Financial Statements, Lotter Billiard and Cafe have not prepared Notes to Financial Statements (CALK) in preparing their financial statements. This is because the financial statements previously prepared are still incomplete, and this is also based on the limited knowledge of the owners and employees of Lotter Billiard and Cafe about CALK. SAK ETAP regulates the principles underlying the information presented in the notes to the financial statements and how it is presented. Notes to the financial statements contain information as additional information presented in the financial statements. Notes to the financial statements provide a narrative explanation or details of the amounts presented in the financial statements and information on items that do not meet the recognition criteria in the financial statements. Notes to the financial statements must be done by presenting information regarding the basis for preparing the financial statements and certain accounting policies used, then disclosing information required in SAK ETAP, and providing additional information that is not presented in the financial

statements, but is relevant to understanding the financial statements.

Normally the order of presentation of notes to the financial statements is by stating the financial statements have been prepared in accordance with SAK ETAP, then summarizing the important accounting policies applied, supported by information on financial statement items, then adjusted to the order of presentation of each component of the financial statements and the order of presentation of the items. Other disclosures is Lotter Billiard and Cafe has not made Notes to the Financial Statements.

Summary of Significant Accounting Policies. Implementation of Financial Accounting Standards for Entities Without Public Accountability Based on the requirements and criteria in the Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP), Lotter Billiard and Cafe have not met the criteria as entities without public accountability. The application of financial reports is still single entry or bookkeeping so that the preparation of financial reports is not in accordance with SAK ETAP.

Statement of Compliance with SAK ETAP. The owner of Lotter Billiard and Cafe stated that the 2020 financial statements were presented and did not comply with SAK ETAP. Basis for Preparing Financial Reports. The financial statements of Lotter Billiard and Cafe consist of Cash Notes, Employee Salary Reports, and Profit and Loss Reports. The financial statements are not prepared as stipulated by SAK ETAP due to the owner's limited knowledge of accounting.

The financial statements are prepared on a cash basis so that recording will be done if cash is received or cash is disbursed. Cash and Cash Equivalents include cash that can be disbursed at any time so that it can be used when the company needs it. Cash in Lotter Billiard and Cafe has a term of no more than 1 accounting period or 1 year. In the revenue receipt account, the recording is not entered in the revenue account and is directly entered

into the cash account, thus increasing the amount of cash. Inventory is calculated based on acquisition cost minus purchase expenses.

Fixed Assets are presented at acquisition cost. The calculation of accumulated depreciation has never been done and still records assets based on initial acquisition cost, so that depreciation has never been recorded. There is no method for calculating depreciation yet.

Income is recorded at the fair value of the payments received. Income is directly recognized as cash so that in its recording it does not record an income account but cash. Income consists of billiards, karaoke, cafes and other income. transactions can be measured reliably. Expenses are recognized when cash is disbursed (cash basis).

Liabilities based on the amount of cash spent to pay the company's obligations.

Equity, Lotter Billiard and Cafe do not record equity in their financial statements. Equity assessment is based on the assumption of the accounting equation to find equity, namely assets minus liabilities.

The preparation of financial reports in accordance with standards has many benefits, including as evaluation material, what are the shortcomings and negligence so far, has the use of existing funds been correct. So that in the future Lotter Billiard and Café can be better. Can be careful in using funds which can then find out the amount of income and expenses so that the company's profit/loss can be known through financial reports. Then adjusted to the company's principle going concern, which wants the company to continue to grow. So to develop its business, a effort are needed, one of which is preparing financial reports that are in accordance with standards. With financial reports that are in accordance with standards, they can be used to apply for business capital to banks or investors. Because one of the requirements for applying for credit or funding is financial reports.

As a reference in terms of decision making, especially for company leaders. With

financial reports, leaders are required to make decisions quickly, if they have excess funds, what should the funds be used for so that the company can grow. If there is a shortage of funds, what should the owner do, whether to borrow funds from the bank or what. Therefore, financial reports are very useful for the continuity of the company.

Obstacles Faced by Lotter Billiard and Cafe in implementation of SAK ETAP have not been fully realized the Financial Statements of Lotter Billiard and Cafe has not been fully realized. This is because there are inhibiting factors that make it difficult to implement SAK ETAP. From the research conducted, the author analyzed that there are several things that hinder the implementation of SAK ETAP in the Financial Statements of Lotter Billiard and Café are low understanding of owners and administrative employees regarding SAK ETAP, lack of socialization regarding Financial Statements in accordance with SAK ETAP by the Indonesian Institute of Accountants (IAI) as the initiator of this standard guideline, there has been no intensive assistance regarding the implementation of SAK ETAP by related SME bodies and there is no supervision from interested parties regarding the Financial Statements of Lotter Billiard and Cafe.

4. Conclusion

Based on the results of research and discussion on the implementation of accounting information systems based on SAK ETAP in the financial statements of Lotter Billiard and Cafe, the following conclusions can be drawn, the financial statements prepared by Lotter Billiard and Cafe consist of Cash Notes, Employee Salary Reports, Profit and Loss Reports. This is still not in accordance with SAK ETAP standards. In SAK ETAP it is stated that financial statements consist of Balance Sheets, Profit and Loss Reports, Equity Change Reports, Cash Flow Reports, and Notes to Financial Statements. In recognition, measurement, presentation of financial statements have not

fully implemented SAK ETAP correctly. Because Lotter Billiard and Cafe still use the cash basis recording method while according to SAK ETAP must use the accrual basis.

In conducting the research process, the researcher encountered several limitations, including the following, the researcher had difficulty in the data collection process in the form of notes related to the preparation and presentation of financial reports. This is because in preparing the financial reports of Lotter Billiard and Cafe, only the nominal value was changed and the financial report file for the previous period was not saved. Because interviews were mostly conducted virtually via video call, it is not uncommon for the signal to be cut off so that the information provided during the interview was not very clear to understand. The researcher only conducted an analysis of the suitability of the preparation of financial reports for one SME, namely Lotter Billiard and Cafe, therefore there may still be many SMEs that do not know about SAK ETAP.

The suggestions that can be given in further research to obtain better results include the following, researchers can reconstruct the accounting system, accounting policies, and preparation of financial statements to be more complete and provide better results. In this study, there was only one company that was the object of the study. Further research intended to examine the application of SAK ETAP in the preparation of financial statements is expected to conduct research on SMEs in other business actors. So that the application of SAK ETAP in SMEs becomes wider and better.

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