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Implementation of SAK EMKM-Based Financial Statement Preparation for MSMEs at CV. Ayu Pratiwi in Indonesia

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ABSTRACT

Micro, small, and medium enterprises require reliable financial reporting to support accountability, performance evaluation, and business decision-making. This study aims to examine the implementation of the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) in the preparation of financial statements at CV. Ayu Pratiwi. Data were collected through interviews, observation, and documentation and analyzed using a descriptive qualitative approach. The results show that CV. Ayu Pratiwi has not prepared its financial statements in accordance with SAK EMKM. Its financial records are limited to cash inflows and outflows and do not include the required components, namely the statement of financial position, income statement, and notes to the financial statements. This condition limits the company's ability to accurately measure financial performance and evaluate business development. The study concludes that the implementation of SAK EMKM at CV. Ayu Pratiwi remains inadequate. Therefore, the company should improve its accounting knowledge, adopt more systematic financial recording practices, and prepare complete financial statements in accordance with SAK EMKM to strengthen financial transparency, support managerial decision-making, and facilitate future business development.

Keywords: Financial Statements; SAK EMKM; MSMEs; Financial Reporting; Accounting Standards; Financial Performance.

INTRODUCTION

Economic growth is an important benchmark for determining the success of economic development. It reflects the impact of development policies that have been implemented. Economic growth is closely related to the process of increasing the production of goods and services in a society's economic activities.

A country's success in improving the welfare of its people is measured by the level of economic growth it achieves. The rate of economic growth in a country indicates the extent of changes in the economic welfare of its population (Boediono, 2013).
Micro, Small, and Medium Enterprises (MSMEs) are one of the main pillars of the economy, particularly in developing countries such as Indonesia. In Indonesia, MSMEs have long been recognized as a highly important business sector because of their substantial role in the economy. Their contributions include approximately 63.58% of GDP, the absorption of 99.45% of the workforce, around 99.84% of all business units, and a significant share of total exports amounting to 18.72% (Niode, 2019).

MSMEs in Indonesia have developed rapidly. This can be seen from research by Statistics Indonesia showing that the number of MSME actors reached 64 million in 2020 (Santia, 2020). According to Rudjito (2003), MSMEs are businesses that support the Indonesian economy because they create new employment opportunities and increase state revenue through corporate taxes. The positive impacts of MSME development include reducing unemployment, increasing state revenue, and reducing poverty, because small-scale businesses can make a substantial contribution to the national economy.

The number of MSMEs in Indonesia continues to increase, but business owners still need to pay attention to several issues, particularly the preparation of financial statements. Many MSMEs have not yet prepared financial statements, and their financial records are often incomplete and very simple. This condition is caused by limited knowledge, information, and socialization regarding the importance of financial statements.

The Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) provide a simpler set of financial accounting standards. With the implementation of SAK EMKM, small businesses such as MSMEs are not required to prepare financial statements using the generally applicable PSAK, which contains more complex reporting requirements. In several respects, SAK EMKM provides greater convenience for businesses than the general PSAK (Fitri, 2021).

The Indonesian Institute of Accountants (IAI) issued the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM), effective from January 1, 2018, to help Indonesian MSMEs become more efficient, transparent, and accountable. The implementation of SAK EMKM is expected to help MSME owners shift from cash-based transaction recording to accrual-based financial reporting. Its implementation is also expected to expand MSMEs' access to financing or additional business capital from the banking industry, thereby creating broader opportunities for business development (Korompis, 2021). Financial statements prepared in accordance with financial accounting standards can also serve as a decision-making tool when MSMEs seek bank financing (Razabilah, 2018). Preparing financial statements based on SAK EMKM enables MSME owners to present simpler reports while remaining compliant with accounting standards (Desianti, 2021).

Numerous previous studies have examined the implementation of SAK EMKM and found that most MSME owners have not yet applied SAK EMKM in their financial statements. Oktaviyah N. (2022) stated that MSME owners had not implemented SAK EMKM consistently and systematically, and some had not yet carried out the financial statement preparation process in accordance with the standard. One challenge is the limited financial literacy of MSME owners, which prevents them from fully understanding the benefits of financial statement preparation.

East Kolaka Regency has considerable potential to contribute to the local economy, particularly through the development of MSMEs. CV. Ayu Pratiwi is an MSME operating in the trade and service sector through the Umi Bottled Drinking Water (AMDK) business, which has promising prospects and has grown rapidly in East Kolaka Regency. Depending on its production scale and distribution coverage, this business may be classified as a small or medium-sized industry. The Umi Bottled Drinking Water business is engaged in the processing and distribution of drinking water, involving filtration, packaging, and the sale of ready-to-consume drinking water to the public. The following data present the development of MSMEs in East Kolaka Regency:

Table 1. Number of Business Units in East Kolaka Regency, 2021-2024

No.	Business Scale	Number of Business Units			
		2021	2022	2023	2024
1.	Micro Enterprise	4.890	5.186	5.420	7.850
2.	Small Enterprise	16	87	37	135
3.	Medium Enterprise	1	6	-	8
Total		4.907	5.279	5.457	7.993

Source: Department of Industry, Trade, Cooperatives, and SMEs of East Kolaka Regency, 2025

Based on Table 1.1, the number of business units in East Kolaka Regency from 2021 to July 2024 shows a relatively stable trend. Micro enterprises dominate the total number of business units, followed by small and medium enterprises. Although there were slight year-to-year changes, the overall number of business units in East Kolaka Regency tended to increase gradually.

This study was conducted at CV. Ayu Pratiwi, located in Hamlet 1 Laputo, Poni-Poniki Village, Tirawuta District, East Kolaka Regency. CV. Ayu Pratiwi established the Umi Bottled Drinking Water (AMDK) depot, which meets the criteria for a small enterprise operating in the trade and service sector. The company employs 15 people and offers only cup-packaged mineral water in 220 ml containers, placing it in the category of ready-to-drink packaged water products.

CV. Ayu Pratiwi is one of the MSMEs that has not yet implemented an established financial accounting system. Based on an unstructured interview conducted by the researcher with the business owner, the researcher found that the financial statements prepared by CV. Ayu Pratiwi were still very simple and were not based on the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM). The Umi Bottled Drinking Water business only records income and expenses manually during its transactions. Limited accounting knowledge and insight make it difficult to prepare accurate and transparent financial statements. In addition, the business owner considers financial recordkeeping difficult and time-consuming. In fact, preparing financial statements in accordance with accounting standards is important not only for improving transparency and accountability, but also for facilitating access to financing.

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Financial statements based on the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) play an important role for MSMEs because they help create transparency and accountability in financial management. In addition, financial statements prepared in accordance with SAK EMKM make it easier for MSMEs to meet tax obligations and increase their opportunities to obtain funding from banks or investors because the statements comply with recognized accounting standards.

Based on the researcher's initial observations at CV. Ayu Pratiwi, the company's accounting records had previously been maintained manually, and its financial statements were still simple and did not comply with applicable accounting standards. Over time, CV. Ayu Pratiwi began to improve its financial recordkeeping. To assess the effectiveness of the company's operations in achieving its objectives, company performance must be measured periodically, and a healthy company condition is reflected in its financial statements. CV. Ayu Pratiwi has improved the quality of its financial records by using computers, but the implementation has not yet fully complied with SAK EMKM. The financial records at CV. Ayu Pratiwi remain simple because of limited human resources and insufficient understanding of financial statements prepared in accordance with SAK EMKM.

Table 2. Daily Transaction Records of CV. Ayu Pratiwi

Day/Date	Beg. Stock	Production		Total	Return	Sold	End Stock	Remarks
		Morning	Afternoon					
Wed. 4/11/24	325	296	247	543	-	5 215 315 56 6	868 863 648 333 277	-
Thu. 5/11/24	271	350	276	626	-	322 215 53 15 214	271 897 575 360 307 292 78	12 cartons damaged/leaking

Source: Daily Transaction Records of CV. Ayu Pratiwi, 2024

Table 2 shows that CV. Ayu Pratiwi records all financial transactions occurring during the day in a manual cash book. At the end of each day, beginning inventory is added to the quantity produced that day and then reduced by the quantity sold. Total daily receipts are calculated to determine daily turnover, which is then accumulated at the end of each month to obtain monthly turnover and determine total business revenue.

LITERATURE REVIEW

Financial Statements

Financial statements are the final output of the accounting process and provide a summary of financial transactions during the current period (Sariati, 2014). According to Harrison et al. (2012), financial statements are business documents used by companies to report the results of their activities to interested parties. Financial statements are the final product of the accounting process and serve as the primary communication tool for conveying a company's financial information to internal and external parties for economic

decision-making (Hery, 2020). Meanwhile, Statement of Financial Accounting Standards (PSAK) No. 1 of 2022, paragraph 9, defines financial statements as a structured presentation of the financial position and financial performance of an entity.

Financial statements are used as a basis for decision-making because they contain information about business development. Users of financial statements can use this information to make decisions that are appropriate to the condition of the business (Awalin, 2018).

Financial statements can be considered relevant when the information they contain can influence users' decisions by helping them evaluate past or present events, predict the future, and confirm or revise the results of their previous evaluations (Anto & Yusran, 2023).

Preparation of Financial Statements Based on SAK EMKM

According to IAI in SAK EMKM (2022), the presentation of financial statements requires faithful representation of the effects of transactions, events, and other conditions in accordance with the definitions and recognition criteria for assets, liabilities, equity, income, and expenses. Rosdiana (2015) states that the quality of financial statements refers to the extent to which the statements present accurate and truthful information. SAK for MSMEs is a simpler accounting standard than general SAK/IFRS, enabling small and medium enterprises to prepare financial statements that comply with accounting standards in a more practical and understandable manner (Kartikahadi, 2024).

According to Puspitasari (2021), SAK MSME/EMKM is a simplified accounting standard specifically designed to enable micro, small, and medium enterprises to prepare standardized financial statements without excessive complexity.
According to IAI (2022), financial statements under SAK EMKM include:

1. Statement of financial position
2. Income statement
3. Notes to the financial statements

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

According to IAI (2022), Micro, Small, and Medium Entities (EMKM) are entities without significant public accountability, as defined in the Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP), that meet the definitions and criteria for micro, small, and medium enterprises as stipulated in applicable Indonesian laws and regulations for at least two consecutive years.

According to Abdahtul (2022), Micro, Small, and Medium Entities (EMKM) are entities without significant public accountability that meet the definitions and criteria for micro, small, and medium enterprises as stipulated in applicable Indonesian laws and regulations for at least two consecutive years. The Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) were ratified by the Financial Accounting Standards Board of the Indonesian Institute of Accountants on October 24, 2016. SAK EMKM became effective for financial statements beginning January 1, 2018. SAK EMKM is an accounting standard intended to meet the financial reporting needs of micro, small, and medium entities. Financial statements under SAK EMKM consist only of an income statement, a statement of financial position, and notes to the financial statements (Wawo et al., 2024).

Based on the scope of SAK EMKM, this standard is intended for the following purposes:

1. The Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) are intended for micro, small, and medium entities.
2. The Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) may be used by entities that do not meet the criteria under the Financial Accounting Standards for Entities Without Public Accountability; this standard is used for micro, small, and medium entities.

Objectives and Benefits of the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM)

The purpose of the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) is to support the preparation of financial statements that provide information about an entity's financial position and performance, which is useful to a broad range of users in making economic decisions. SAK EMKM was developed to support financial statement preparation by micro, small, and medium entities. According to the Indonesian Institute of Accountants (2018), the benefits and objectives of SAK EMKM include developing accounting standards that meet the needs of EMKM for simpler accounting guidance. SAK EMKM can also serve as an accounting guideline for EMKM in conducting their business so that they can obtain broader access to financing from external parties and the banking industry.

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

In developing SAK EMKM, DSAK IAI considered similar financial accounting standards issued by financial accounting standard-setting bodies in other countries and/or comparable accounting guidelines used in other countries. This consideration further emphasizes the need for financial accounting standards that are appropriate to the financial reporting needs of MSMEs.

Entities within the scope of SAK EMKM are those that meet all of the following criteria and characteristics:

1. Entities that do not have significant public accountability and issue general-purpose financial statements for external users.
2. They are not subsidiaries or branches owned, controlled, or directly or indirectly part of a medium or large enterprise, and are not subsidiaries or associates as described in Article 1 of Law No. 20 of 2008.
3. They fall within the quantitative thresholds described in Article 6 of Law No. 20 of 2008.
4. They do not own and/or control MSMEs that are their business partners, as described in Article 35 of Law No. 20 of 2008.

Micro, Small, and Medium Enterprises (MSMEs)

A medium enterprise is an independent productive economic enterprise operated by an individual or business entity that is not a subsidiary or branch owned, controlled, or directly or indirectly part of a micro enterprise or large enterprise, with net assets or annual sales revenue as stipulated by law.

The criteria for micro, small, and medium enterprises are as follows:

1. A Micro Enterprise is a business with net assets of up to IDR 50 million, excluding the building and land used for business premises.
2. A Small Enterprise is a business with net assets above IDR 50 million and up to a maximum of IDR 500 million.
3. A Medium Enterprise is a business with net assets of more than IDR 500 million up to IDR 10 billion, excluding the building and land used for business premises.

Firmansyah (2018) states that MSMEs have several potential strengths that can serve as a basis for future development, namely:

1. A source of new entrepreneurs. The existence of small and medium enterprises has been proven to support the growth and development of new entrepreneurs.
2. They have unique market segments, apply simple management practices, and are flexible in responding to market changes.
3. They utilize surrounding natural resources; many small industries make use of waste or by-products from large industries or other industries.
4. They have the potential to grow. Various development and assistance efforts have shown that small industries can be further developed and can contribute to the development of related sectors.

RESEARCH METHOD

This study was conducted at CV. Ayu Pratiwi, located in Hamlet I Laputo, Poni-Poniki Village, Tirawuta District, East Kolaka Regency, Southeast Sulawesi Province. The object of the study was the implementation of financial statement preparation based on the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) at CV. Ayu Pratiwi. This study used qualitative data. According to Sugiyono (2012), qualitative data are data that cannot be measured on a numerical scale. The qualitative data used in this study consisted of written and oral information concerning the MSME financial statements of CV. Ayu Pratiwi obtained from interviews with the business owner. The study used both primary and secondary data. Primary data consisted of interviews conducted by the researcher with the owner of CV. Ayu Pratiwi and direct observations at the business location. Secondary data consisted of documents, books, or records concerning financial statements prepared by CV. Ayu Pratiwi. The research subjects served as informants who provided the information required during the research process. According to Bagong (2005), research informants can be classified as key informants, main informants, and additional informants.

Data were collected using interviews and documentation. The researcher used structured interviews and conducted direct, structured interviews with the owner of CV. Ayu Pratiwi. The researcher also used the financial transaction records maintained by CV. Ayu Pratiwi.

The data analysis method used in this study was descriptive analysis. The qualitative descriptive method is used to describe or analyze research findings. Data were collected in the field through direct interviews with informants to obtain in-depth information. After the data had been collected, the researcher analyzed the financial data conceptually in accordance with SAK EMKM, processed the collected data, and classified them into relevant categories to identify important findings and lessons.

RESULTS

Preparation of Financial Statements at CV. Ayu Pratiwi

Financial statements are important corporate documents that present a company's financial condition or describe its performance over a specific period. They serve as a source of information for decision-making by both internal and external parties interested in the management and development of the business.
Based on the explanation above, an interview was conducted with the owner of CV. Ayu Pratiwi regarding the owner's understanding of financial statement presentation. The interview result is as follows:

"I do not really understand what financial statement presentation should look like. I have also never received an explanation, guidance, or socialization about financial statement presentation from the relevant authorities."

The interview then explored the owner's knowledge of the importance of financial statements for a company. The interview result is as follows:
"In my opinion, preparing financial statements is very important for a business because it can provide accurate financial information. However, because I do not yet know how to prepare financial statements in accordance with accounting principles, I only record raw material expenses and production costs so that I can determine the product selling price and earn a profit."

The interview results regarding the owner's understanding of financial statements show that this understanding remains very limited. The owner of CV. Ayu Pratiwi does not know how to record and prepare financial statements in accordance with accounting practices applicable in Indonesia. The owner understands that financial recordkeeping is important and that proper records can produce accurate financial statements. However, the owner does not fully understand the purpose of preparing financial statements, partly because the owner personally manages the business's finances.
Financial recordkeeping and financial statement preparation require personnel with accounting expertise who are specifically employed by the company so that financial information can be reported appropriately and the risk of discrepancies in recorded amounts can be reduced.

The owner of CV. Ayu Pratiwi was also interviewed regarding the financial statement preparation system used by the company. The interview result is as follows:
"My recording system only records expenses incurred in the distribution process for bottled drinking water and unexpected expenses such as machine damage and other costs. I also record daily sales revenue and information on products that are ready to be shipped and marketed. I do not make these records routinely because I am busy and for other reasons. The only records I maintain regularly concern outgoing products that are ready to be shipped and marketed."

The interview also examined the reasons why CV. Ayu Pratiwi does not prepare financial statements in accordance with SAK EMKM. The interview result is as follows:
"I do not prepare financial statements in accordance with SAK EMKM because I do not yet know how to prepare financial statements properly, and I do not have enough free time to learn because I think the process is very complicated. I also do not employ an accounting staff member to manage the finances and prepare the financial statements. I still manage the business finances myself".

The interview results concerning the preparation and recording system used by CV. Ayu Pratiwi indicate that the owner's financial recording practices are consistent with basic accounting principles but do not yet comply with SAK EMKM. The recording process is still manual and uses a notebook to record income, raw material expenses, other unexpected expenses, and finished products ready for shipment. However, the records are not maintained routinely, so the resulting information is not accurate, and no employee is specifically assigned to accounting duties. CV. Ayu Pratiwi maintains financial records to identify the company's expenditure and income transactions.

CV. Ayu Pratiwi keeps financial records to identify the expenditure and income transactions that occur within the company. However, to improve accuracy and comply with applicable standards, the company's financial records should be adjusted to SAK EMKM. By implementing SAK EMKM, financial recordkeeping will become more systematic and transparent and can serve as a basis for business decision-making, taxation, and financing purposes.

Implementation of SAK EMKM at CV. Ayu Pratiwi

CV. Ayu Pratiwi is a micro enterprise engaged in the production and distribution of Umi bottled drinking water (AMDK). Like many MSMEs, the company's financial records are still maintained manually and in a simple manner. The business owner records income and expenses without using a standards-based accounting system, resulting in limited transparency and accuracy in the financial statements.

Before the implementation of SAK EMKM, financial recordkeeping at CV. Ayu Pratiwi was simple and manual, making it difficult for the company to measure its financial performance accurately. With the implementation of SAK EMKM, the company began preparing a statement of financial position that presents assets, liabilities, and equity in greater detail. In addition, the income statement provides a clearer picture of business revenue and expenses during a particular period.

Overall, the implementation of financial statement preparation based on SAK EMKM at CV. Ayu Pratiwi is an important step toward improving the company's financial transparency and accountability. Better financial statements can help the company manage its assets and liabilities more effectively, strengthen business credibility, and attract investors or other external parties. Therefore, the implementation of SAK EMKM is expected to be further developed and refined so that CV. Ayu Pratiwi can achieve more sustainable business growth.

DISCUSSION

The preparation of CV. Ayu Pratiwi's financial statements based on the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) has brought significant changes to the company's financial recording and reporting system. Before the implementation of this standard, financial records were simple and manual and recorded only income and expenses without systematic classification in accordance with applicable accounting standards. This made it difficult to understand the company's overall financial position, including its assets, liabilities, and equity.

Based on the research findings, the implementation of financial statement preparation under SAK EMKM at CV. Ayu Pratiwi has brought positive changes to the company's financial recording system.

By applying this accounting standard, the company can prepare a more accurate and systematic statement of financial position and income statement. Financial statements prepared in accordance with SAK EMKM also help the business owner understand the company's financial condition more clearly and support more appropriate business decision-making. With SAK EMKM, the financial statements become more structured and provide a clearer picture of CV. Ayu Pratiwi's financial condition. The statement of financial position allows the company to record its assets, including cash and bank balances, accounts receivable, inventory, and fixed assets. In addition, recording liabilities, including short-term and long-term debt, provides a better understanding of the company's financial commitments over particular periods. In terms of equity, the financial statements now reflect initial capital and retained earnings that continue to develop along with business growth. A more systematic statement of financial position enables the business owner to manage financial resources more effectively and anticipate future capital requirements.

Preparing an income statement in accordance with SAK EMKM also brings positive changes to the management of the company's revenue and expenses. Before the

implementation of this standard, the financial records contained only general information on income and expenditures, without clear classification of different types of revenue and business expenses. After applying the accounting standard, the income statement is prepared in greater detail. Business revenue is recorded according to its source, while business expenses are grouped into categories such as operating costs, employee salaries, electricity and water expenses, and tax expenses. A more systematic income statement enables the company to identify factors affecting profitability and take strategic measures to increase revenue and control unnecessary expenditures.

One important element in implementing SAK EMKM is the preparation of notes to the financial statements. Previously, CV. Ayu Pratiwi did not prepare supplementary notes explaining accounting policies and detailed financial information, so the information presented in the financial statements tended to be less transparent and difficult for interested parties to understand. With the implementation of this standard, the company began preparing notes to the financial statements covering important matters such as the recording methods used, assumptions applied in preparing the statements, and details of specific accounts requiring additional clarification.

However, CV. Ayu Pratiwi faces several obstacles in implementing SAK EMKM. One major obstacle is the limited understanding of accounting and financial standards among the business owner and administrative staff. Long-standing habits of manual recordkeeping make the transition to a more structured system relatively difficult. Therefore, training and assistance are needed so that staff responsible for financial recordkeeping can better understand and apply these accounting standards.

In addition, limited use of accounting technology presents another challenge in implementing SAK EMKM. Before using this standard, financial records were maintained manually in a cash book, which made the preparation of financial statements time-consuming and prone to recording errors. With the implementation of SAK EMKM, the company should consider using simple accounting software to facilitate financial recording and financial statement preparation.

The preparation of financial statements based on SAK EMKM at CV. Ayu Pratiwi has had a significant impact on improving the quality of the company's financial recording and reporting. Before the implementation of this standard, financial records were maintained manually using a simple method that recorded only income and expenses without clear classification. As a result, the financial information produced was not systematic, making it difficult for the company to analyze financial performance and make strategic decisions. After implementing SAK EMKM, however, financial statements began to be prepared in a more structured manner and in accordance with applicable standards, providing benefits in terms of transparency and the accuracy of financial data. The implementation of SAK EMKM at CV. Ayu Pratiwi covers four main aspects: measurement, recognition, presentation, and financial reporting. In terms of measurement, before using SAK EMKM, CV. Ayu Pratiwi did not yet have a standardized method for determining the values of assets, liabilities, revenue, and business expenses. In terms of recognition, CV. Ayu Pratiwi previously recorded transactions only when cash inflows and outflows occurred, without considering the accrual principle. As a result, the financial statements did not reflect the company's actual financial condition. With the implementation of SAK EMKM, the company began recognizing revenue when the right to receive payment arose, even if cash had not yet been received, and recognizing expenses when obligations arose rather than only when payment was made.

In terms of presentation, before implementing SAK EMKM, CV. Ayu Pratiwi's financial statements were simple and did not follow a standardized format. Some important

financial information was not presented completely, including details of fixed assets, trade payables, and retained earnings. After implementing the standard, the financial statements began to be presented in a clearer format, including a statement of financial position, an income statement, and notes to the financial statements. This more systematic presentation makes it easier for the business owner and external parties to understand the company's financial condition.

In terms of reporting, before implementing SAK EMKM, CV. Ayu Pratiwi did not have structured financial statements and did not prepare them periodically. Records were maintained only for internal purposes, without official documents that could be used for external purposes such as loan applications or cooperation with investors. After implementing the standard, the company began preparing annual financial statements more consistently, providing benefits in terms of accountability and information transparency.

The implementation of SAK EMKM at CV. Ayu Pratiwi has had a positive impact on the quality of financial statements in terms of recording accuracy, information transparency, and ease of decision-making. More systematic financial statements enable the business owner to monitor the company's financial condition more easily and plan more effective business strategies. However, several challenges still need to be addressed, including improving staff understanding of accounting standards, increasing their ability to use accounting software, and strengthening awareness of the importance of accurate and structured financial reporting. Therefore, continuous improvement and training are needed so that SAK EMKM can be implemented more effectively and provide long-term benefits for business development.

CONCLUSION

Based on the qualitative case study conducted at CV. Ayu Pratiwi using interviews and documentation, the interview with Mr. Sukirman, S.Kom., as a participant, shows that CV. Ayu Pratiwi does not apply the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) in its bookkeeping or financial statements. The company still uses a cash-based system, recording cash inflows and outflows manually in a book on a daily basis. The resulting financial statements do not yet include the main elements required by SAK EMKM, such as the statement of financial position, income statement, and notes to the financial statements.

The non-implementation of SAK EMKM at CV. Ayu Pratiwi is caused by several factors, including a lack of understanding of SAK EMKM, limited resources and accounting expertise, and simple financial recordkeeping practices.

The implementation of SAK EMKM at CV. Ayu Pratiwi covers four main aspects: measurement, recognition, presentation, and financial reporting. The implementation of SAK EMKM at CV. Ayu Pratiwi has had a positive impact on the quality of financial statements in terms of recording accuracy, information transparency, and ease of decision-making. More systematic financial statements enable the business owner to monitor the company's financial condition more easily and plan more effective business strategies.

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DECLARATION OF CONFLICTING INTERESTS

The authors declare that there are no potential conflicts of interest concerning the research, authorship, and/or publication of this article.

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