

IMPLEMENTATION OF SAK EMKM IN FINANCIAL TRANSACTION RECORDING AND COST MANAGEMENT PRACTICES OF AUTOMOTIVE SERVICE MSMEs: A CASE STUDY OF IJUN JOK MOBIL

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Abstract

This study aims to analyze the implementation of financial transaction recording and business cost management based on the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) in supporting financial management at the Ijun Jok Mobil automotive service MSME. This study employed a descriptive qualitative method with a case study approach. Data were collected through observation, interviews, and documentation, and analyzed descriptively by comparing existing financial recording practices with the provisions of SAK EMKM. The results showed that prior to the implementation of SAK EMKM, financial recording was still limited to recording cash inflows and outflows without preparing systematic financial statements. After the preparation of financial statements based on SAK EMKM, including an income statement, statement of financial position, and notes to the financial statements, the business obtained more accurate and transparent financial information, with a net profit of Rp15,358,333 for the October 2025 period. The study also found that low accounting literacy and limited human resources were the main obstacles to implementing SAK EMKM. Therefore, improving accounting understanding and providing continuous assistance are necessary to support the sustainable implementation of accounting standards in MSME financial management. This study contributes to the literature by providing empirical evidence regarding the implementation of SAK EMKM in automotive service MSMEs, which have more complex cost structures than trading businesses. The findings imply that the implementation of SAK EMKM can improve financial transparency, support managerial decision making, and enhance business sustainability among MSMEs.

Keywords: SAK EMKM; Financial Transaction Recording; Cost Management; Automotive Services Business; MSMEs

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1. Introduction

Micro, Small, and Medium Enterprises (MSMEs) play a crucial role in driving national economic growth, creating jobs, and improving public welfare. During the economic crisis, the MSME sector proved resilient and became a mainstay of the community's economy. The development of MSMEs in Indonesia continues to grow across various business sectors, including the automotive services sector, which is currently growing in line with the increasing public demand for vehicle maintenance and modification (Ahmad, Nasution, and Nurwani 2023).

Despite their crucial role in the economy, most MSMEs still face various challenges in managing their finances. Common issues include simplistic, unstructured transaction recording that doesn't comply with applicable accounting standards. Many MSMEs simply record cash inflows and outflows without preparing comprehensive financial reports. This makes it difficult for them to understand their business's true financial condition, accurately determine profits, control costs, and make informed business decisions (Adila, Ulupui, and Utaminingtyas 2021).

A lack of understanding of accounting is also a factor contributing to the low quality of MSME financial reports. Most business owners do not yet understand the importance of systematic transaction recording and standardized financial reporting. As a result, the resulting financial reports often fail to accurately and relevantly reflect business conditions for decision making and access to financing (Acharysyah et al., 2023). Furthermore, mixing personal and business finances is still common, resulting in ineffective business cost management (Tanan and Dhamayanti 2020).

To assist MSMEs in preparing simpler and easier-to-understand financial reports, the Financial Accounting Standards Board of the Indonesian Institute of Accountants issued the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) which became effective on January 1, 2018. SAK EMKM is specifically designed for micro, small, and medium entities to be able to prepare financial reports that are systematic, simple, and tailored to business needs. Financial reports based on SAK EMKM include income statements,

statements of financial position, and notes to the financial statements (Sularsih and Sobir 2019).

The implementation of SAK EMKM has important benefits for MSMEs because it can help produce more accurate financial information, increase business transparency, facilitate cost control, and support economic decision making. Furthermore, standardized financial reports can also increase the trust of external parties, such as banking institutions and investors, in providing financing to MSMEs (Febriyanti and Wardhani, 2018). However, the level of implementation of SAK EMKM among MSMEs in Indonesia is still relatively low. Financial Literacy Theory explains that the level of financial understanding possessed by business actors influences their ability to manage finances, prepare financial reports, and make business decisions effectively. Financial literacy is considered an important factor influencing financial decision-making and business sustainability (Lusardi and Mitchell 2014). In the context of MSMEs, understanding accounting standards such as SAK EMKM becomes an important factor in creating transparent and accountable financial reporting practices

Several previous studies have shown that most MSMEs have not been able to optimally implement the Indonesian Accounting Standards (SAK) for MSMEs. Research by Utari et al. (2022) found that the majority of MSMEs still maintain simple bookkeeping and have not prepared financial reports according to standards. Research by Manjana et al. (2023) also showed that the presentation of financial reports in MSMEs is still not in accordance with the provisions of the Indonesian Accounting Standards (SAK). Furthermore, research by Alawiyah (2025) stated that the readiness of MSMEs in preparing financial reports based on the Indonesian Accounting Standards (SAK) for MSMEs is still at a low to moderate level due to a lack of accounting literacy and limited human resources. Meanwhile, research by Atma and Yusnita (2025) showed that the implementation of simple bookkeeping based on the Indonesian Accounting Standards (SAK) for MSMEs can improve the quality of financial information and assist business decision making.

Previous studies on SAK EMKM implementation have predominantly focused on trading, culinary, and manufacturing MSMEs. Limited studies specifically examine automotive service MSMEs, despite their more complex operational cost structures involving labor costs, material costs, and service-based transactions. Therefore, this study addresses this gap by investigating the implementation of SAK EMKM in an automotive service MSME context.

Based on previous research, it can be seen that research on the implementation of SAK EMKM still focuses largely on MSMEs in the trade, culinary, and simple manufacturing sectors. This study contributes to the literature by examining the implementation of SAK EMKM in automotive service MSMEs, which have more complex labor and material cost structures than trading businesses. Research specifically addressing the implementation of financial transaction recording and business cost management in automotive service MSMEs is still limited. In fact, automotive service MSMEs have different transaction characteristics than other sectors, particularly related to the costs of supporting materials, labor costs, and services that require more detailed and structured cost recording. If cost management is not carried out properly, business actors will experience difficulties in accurately determining business profits and evaluating operational efficiency. Inadequate financial reporting practices among automotive service MSMEs may lead to inaccurate profit measurement, ineffective cost control, and poor managerial decision making, ultimately affecting business sustainability and access to external financing.

Automotive service MSMEs have different operational characteristics compared to trading MSMEs, particularly in terms of cost structure and transaction recording. In trading businesses, financial transactions generally focus on inventory purchases and product sales, making cost recording relatively simpler because costs are dominated by merchandise inventory transactions. In contrast, automotive service MSMEs involve more complex service-based transactions that combine material costs, labor costs, and supporting operational expenses simultaneously within a single service activity.

In automotive service businesses such as car seat repair and modification services, business costs are not only derived from raw materials such as leather, foam, thread, and accessories, but also from direct labor costs related to sewing, installation, and customization services. In addition, operational costs such as electricity, equipment maintenance, and depreciation of service tools significantly influence business profitability. This condition creates a more complex cost structure compared to ordinary trading MSMEs because business owners must allocate and record multiple cost components accurately to determine the actual cost of services provided.

Furthermore, automotive service MSMEs apply service-based transactions where revenue is generated from customized customer orders rather than standardized product sales. This transaction pattern requires more detailed

recording because each order may involve different material specifications, labor intensity, and service completion periods. If financial transaction recording is conducted only through simple cash inflow and outflow bookkeeping, business owners may experience difficulties in measuring actual profits, controlling operational costs, and evaluating business efficiency accurately.

Therefore, the implementation of SAK EMKM becomes increasingly important in automotive service MSMEs because standardized financial reporting can support more accurate cost allocation, improve financial transparency, and provide relevant financial information for managerial decision making. Despite the importance of this issue, previous studies on SAK EMKM implementation have predominantly focused on trading and culinary MSMEs, while studies specifically examining automotive service MSMEs remain limited. This study therefore contributes by providing empirical evidence regarding the implementation of SAK EMKM within the context of automotive service businesses that possess more complex labor and material cost characteristics than conventional trading MSMEs.

The Ijun Jok Mobil MSME (Micro, Small, and Medium Enterprise) is an automotive service business specializing in the production and repair of car seats. Based on initial observations, this business still maintains simple transaction recording and has not yet prepared financial reports in accordance with the Indonesian Financial Accounting Standards (SAK) for Small and Medium Enterprises (MSMEs). The recording only covers cash receipts and disbursements, without categorizing accounts or comprehensively recording operational costs. This situation results in the resulting financial information not being able to provide a comprehensive picture of the business's condition.

Through the implementation of SAK for Small and Medium Enterprises (MSMEs), the Ijun Jok Mobil MSME is expected to be able to produce more systematic, accurate, and easily understood financial reports, which can assist business owners in managing costs, understanding the business's financial condition, and making more informed business decisions. Furthermore, the implementation of SAK for Small and Medium Enterprises (MSMEs) is also expected to increase transparency and long-term business sustainability.

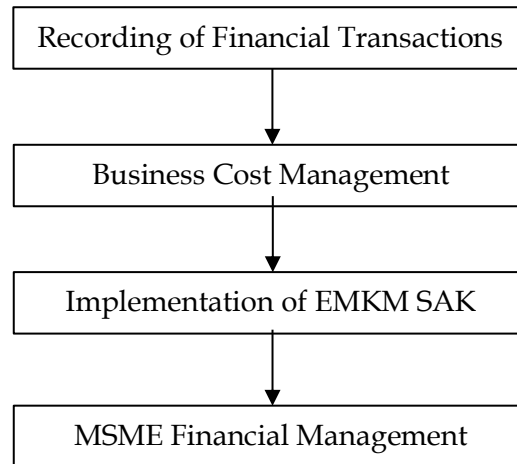


Figure 1. Conceptual Framework of the Study

The conceptual framework illustrates that the implementation of SAK EMKM through proper financial transaction recording and business cost management can improve the quality of MSME financial management, particularly in terms of transparency, cost control, decision-making, and business sustainability.

Based on this description, this study aims to analyze the implementation of financial transaction recording and business cost management based on SAK for Small and Medium Enterprises (MSMEs) at the Ijun Jok Mobil MSME and assess its role in supporting business financial management. This research is expected to contribute to the development of MSME accounting studies, especially in the automotive services sector, as well as become a practical consideration for MSME actors in improving the quality of business financial management. This study contributes theoretically by strengthening Financial Literacy Theory in the context of MSME accounting practices and contributes practically by providing a financial reporting model based on SAK EMKM for automotive service MSMEs.

Literature Review

Several previous studies have examined the implementation of SAK EMKM in MSMEs across various business sectors. Utari et al. (2022) found that most MSMEs still apply simple bookkeeping practices and have not fully implemented financial reporting standards based on SAK EMKM. Similarly, Manjana et al. (2023) reported that MSME financial statements are generally limited to cash inflow and outflow records without systematic preparation of financial statements. These studies indicate that accounting practices among MSMEs remain relatively weak due to limited accounting knowledge and inadequate financial management systems.

Furthermore, research conducted by Alawiyah (2025) revealed that the readiness of MSMEs to implement SAK EMKM is still at a low to moderate level because of limited accounting literacy, lack of training, and insufficient human resources. Meanwhile, Atma and Yusnita (2025) emphasized that the implementation of simple bookkeeping based on SAK EMKM can improve the quality of financial information and support managerial decision making. These findings suggest that the adoption of accounting standards contributes positively to business transparency and financial control among MSMEs.

Although previous studies have provided important insights into SAK EMKM implementation, most research has focused on trading, culinary, and small manufacturing MSMEs. The financial transaction characteristics examined in these sectors are relatively simpler because they are generally dominated by inventory purchases and product sales. Limited studies specifically discuss automotive service MSMEs, which possess more complex operational characteristics involving labor-intensive services, material usage, customized service transactions, and detailed operational cost allocations.

In automotive service MSMEs, business profitability is influenced not only by merchandise sales but also by labor costs, supporting material costs, and service-related operational expenses. Consequently, transaction recording and cost management require more detailed and systematic accounting practices compared to ordinary trading businesses. However, previous studies have not sufficiently explored how SAK EMKM can be implemented to address these specific accounting complexities within automotive service MSMEs.

Therefore, this study fills the research gap by analyzing the implementation of SAK EMKM in an automotive service MSME, namely Ijun Jok Mobil. This research specifically focuses on financial transaction recording and business cost management practices in a service-based MSME environment. Thus, the study contributes to the existing literature by extending the discussion of SAK EMKM implementation beyond trading MSMEs and providing empirical evidence regarding accounting practices within automotive service businesses that have more complex cost structures and transaction characteristics.

Micro, Small, and Medium Enterprises (MSMEs)

The definition of an MSME (Micro, Small, and Medium Enterprise) is a business that utilizes primary raw materials to create and produce goods and services by utilizing natural resources, talents, and traditional arts and crafts in the surrounding environment. Various characteristics of MSMEs include easy access to raw materials, simple technology, and therefore easy transfer of technology, possessing basic skills or expertise passed down through generations, having a large market opportunity, requiring a large workforce, a significant share of their products being absorbed domestically or in the local market, and some being kept secret for export, being profitable, and some commodities retaining the distinctive characteristics of local arts and culture while also economically connecting the local low-income communities (Ainun, Harmain, and Tambunan 2024).

According to Law No. 20 of 2008 concerning Micro, Small, and Medium Enterprises, it is stated that:

1. Micro Enterprises are productive businesses owned by individuals and/or individual business entities that meet the criteria for Micro Enterprises as stipulated in this Law.
2. A Small Business is a stand-alone productive economic enterprise, conducted by an individual or business entity that is not a subsidiary or branch of a company owned, controlled, or part of, directly or indirectly, a Medium-sized Business or Large Business that meets the criteria for a Small Business as referred to in this Law.
3. A Medium-sized Business is a stand-alone productive economic enterprise, conducted by an individual or business entity that is not a subsidiary or branch of a company owned, controlled, or part of, directly or indirectly, a Small Business or Large Business with a net worth or annual sales revenue as stipulated in this Law.

Micro, Small, and Medium Enterprises (MSMEs) are business activities capable of expanding employment opportunities, providing broad economic services to the community, and playing a role in the process of equalizing and increasing community income. They drive economic growth and contribute to national stability. The general condition of MSMEs in Indonesia can be illustrated by the 2007 population of 49.8 million business units, equivalent to 96.9% of the total number of businesses in Indonesia. Meanwhile, employment absorption was 88.7 million, equivalent to 96.9% of the total workforce.

As one of the main pillars of the national economy, MSMEs must receive the broadest possible opportunities, support, protection, and development as a clear manifestation of their commitment to this small-scale economic group, which is realized through MSME empowerment. Empowerment is a synergistic effort undertaken by the Government, Regional Governments, the Business Sector, and the Community, through the creation of a growth climate and business development for MSMEs, enabling them to grow and develop into resilient and independent businesses (Nurwani and Safitri 2019). The criteria and characteristics of MSMEs according to Law No. 20 of 2008, Chapter IV, Article 6, concerning the criteria for MSMEs are:

1. Micro-enterprises with net assets of up to Rp50,000,000.00 (fifty million rupiah) or annual sales of up to Rp300,000,000.00 (three hundred million rupiah).
2. Small-enterprises with net assets of more than Rp50,000,000.00 (fifty million rupiah) to Rp500,000,000.00 (five hundred million rupiah) or annual sales of more than Rp300,000,000.00 (three hundred million rupiah) to Rp2,500,000,000.00 (two billion five hundred million rupiah).
3. Medium Enterprises that have net assets of more than IDR 500,000,000.00 (five hundred million rupiah) to IDR 10,000,000,000.00 (ten billion rupiah) or annual sales results of more than IDR 2,500,000,000.00 (two billion five hundred million rupiah) to IDR 50,000,000,000.00 (fifty billion rupiah) (Musdhalifah, Mintarsih, and Sudaryanto 2020).

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

The Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) are financial accounting standards developed and approved by the Financial Accounting Standards Board of the Indonesian Institute of Accountants (DSAK IAI) in 2016 to enhance transparency and accountability in entity financial reporting, while simultaneously encouraging the growth of the MSME sector in Indonesia. The issuance of SAK EMKM demonstrates the support of the IAI, as a professional accounting organization, in enhancing transparency and accountability in entity financial reporting. SAK EMKM became effective on January 1, 2018.

Obtaining access to financing from the banking industry and other institutions will be easier if MSMEs have prepared financial reports in accordance with standards. Numerous studies have shown that some MSMEs still cannot properly implement the Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP) because SAK ETAP is considered too complex and inappropriate for financial reporting needs. SAK EMKM is a simpler financial accounting standard than SAK ETAP because it regulates transactions generally conducted by MSMEs. To facilitate MSMEs in accessing funding from various financial institutions, SAK EMKM is expected to assist MSMEs in Indonesia in preparing their financial reports. This will make it easier for MSMEs to obtain financing from the banking industry and other institutions. SAK EMKM is a financial accounting standard that is easier and simpler for MSMEs to use in their financial reporting. The presentation of financial statements using SAK EMKM must meet the following principles:

1. Compliance with SAK EMKM
2. Fair presentation
3. Consistent presentation
4. Frequency of reporting
5. Complete financial statements
6. Comparative information (Imawan et al. 2023)

The components of the financial statements presented under SAK EMKM are: 1) Income statement, which presents revenue accounts, financial expenses, and tax expenses. 2) The statement of financial position or balance sheet presents Asset accounts (cash, cash equivalents to fixed assets), liabilities (accounts payable & bank loans). 3) Notes to the financial statements (CALK) present information in the form of descriptive statements related to the financial statements that have been prepared in accordance with ED SAK EMKM, statements related to the summary of accounting policies used by the entity, as well as additional information explaining important and material transactions so that readers of the financial statements more easily understand the financial statements presented. Thus, readers of financial statements can use financial statements as a basis for decision making (Imawan et al. 2023).

Recording Financial Transactions

Recording financial transactions is a fundamental accounting activity that serves to record all economic activities occurring within a business. In

accounting, a financial transaction is understood as any event that affects an entity's financial condition and can be measured in monetary terms. The process of recording these transactions is part of the accounting cycle, which begins with recording transactions, followed by grouping accounts, summarizing financial data, and finally, preparing financial reports for use by stakeholders (Poddala 2023).

In recording financial transactions, a business entity must record each economic event based on valid source documents, such as sales invoices, cash receipts, purchase orders, or payment receipts. This recording is typically done through a general journal, which is then posted to the general ledger to produce structured information based on specific accounts. This accounting data is then summarized in financial reports, such as the balance sheet and income statement, which provide an overview of the financial condition and performance of the business (Poddala 2023).

In small entities such as MSMEs, the transaction recording process is often still done manually. This has the potential to lead to recording errors, data delays, and a lack of regularity in financial information. Therefore, implementing recording standards as stipulated in the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) is crucial to help MSMEs produce reliable and relevant accounting information. Systematic recording of financial transactions in accordance with these standards will help business owners understand their financial condition, control costs, and improve the effectiveness of operational and strategic decision making (Poddala 2023). This condition is consistent with the findings of Maseko and Manyani (2011), who stated that many MSMEs still experience difficulties in implementing proper accounting practices due to limited accounting knowledge, inadequate human resources, and weak financial management systems.

Therefore, recording financial transactions is not only an administrative obligation but also an integral part of the financial information management process, supporting transparency, accuracy, and long-term business sustainability, including for MSMEs in the automotive services sector.

Business Cost Management

Financial management for MSMEs is crucial for their businesses because it is crucial for their continued existence. Most MSMEs lack adequate financial

reports, making it difficult to track their income and expenses, especially since there is no separation between business and family finances. Their businesses often fail to develop and operate as they are (Tanan and Dhamayanti, 2020). A study of MSMEs in Ngawi Regency showed that although some businesses have implemented basic cost accounting principles, many still experience difficulty accurately recording and managing costs. This impacts product pricing, the information needed for decision making, and the efficiency of ongoing operational costs. This study discusses the importance of systematic cost accounting to promote better and more organized business cost efficiency (Indrardiarta, Sukmaningrum, and Sukmaningrum 2025)

Important elements to consider in business financial management are business capital, business cash management, and financial reports. Sources of business capital consist of equity or borrowed capital, while the types of business capital are investment capital, investment capital, and working capital. Business money management, namely the amount of money used to run a business, especially for business capital, business money needs to be separated from personal money, the use of business money for personal needs must be recorded or calculated as a loan and must be repaid, business money that can be used for personal needs is salary or wages (Tanan and Dhamayanti, 2020).

Cost management encompasses more than just recording costs; it also involves planning, classifying costs (e.g., raw material costs, labor costs, variable costs, and fixed costs), and evaluating cost usage over a specific period. With a clear cost allocation, MSMEs can identify which cost components pose the greatest burden on their business and formulate appropriate cost-efficiency strategies. This is especially important for automotive service businesses, such as the ones in this study, where material and labor costs constitute a significant portion of total operating costs.

Planned and consistent cost management practices in MSMEs demonstrate their positive contribution to financial performance. The application of cost management techniques, such as production cost analysis and operational cost evaluation, can assist MSMEs in budget planning, controlling expenses, and increasing overall business profitability.

Furthermore, business cost management is closely linked to the recording of financial transactions. Complete and accurate recorded cost information forms a crucial basis for preparing financial reports, particularly the income statement.

This report can then be used by business owners as an evaluation tool to determine whether the business is generating profits or losses, as well as as a basis for making strategic decisions for the future of the business. Thus, managing business costs is not simply about recording costs, but rather a comprehensive process involving planning, recording, categorizing, and evaluating costs, aimed at maintaining the efficiency, profitability, and sustainability of MSMEs. A sound understanding of cost management is a crucial skill for entrepreneurs facing increasingly complex competition and business dynamics.

2. Research Method

This research was a case study using a descriptive qualitative method. This study employed a descriptive qualitative approach with a case study design to analyze the implementation of SAK EMKM in MSME financial reporting practices. Case study research emphasizes a deeper understanding of specific phenomena concerning individuals. Case study research is used to comprehensively understand a problem by gathering relevant information to reach a solution to the problem being studied. This approach was chosen to provide a detailed explanation and in-depth overview of the application of the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) that reviewed the financial statements prepared by the Ijun Jok Mobil MSME.

This research used primary and secondary data. Primary data was obtained directly from business transaction data for the October 2025 period, while secondary data consisted of related documents, scientific articles, and books. Data collection was conducted through observation, in-depth interviews, and documentation. Observations were carried out directly at the business location to understand the existing financial recording practices and operational activities of the MSME. In-depth interviews were conducted semi-structurally to explore the informants' understanding of SAK EMKM implementation, financial transaction recording practices, business cost management, and challenges faced in preparing financial statements. The interview process was conducted in several stages, starting from identifying current bookkeeping practices, understanding financial management procedures, exploring constraints in

implementing accounting standards, and evaluating the owner's perception regarding the importance of financial reporting.

Documentation techniques were also applied by collecting supporting documents such as transaction records, sales data, expense records, inventory information, and other financial documents related to the October 2025 accounting period. These documents were used to support the preparation of financial statements based on SAK EMKM.

To ensure the validity and credibility of the research findings, this study applied source triangulation techniques by comparing data obtained from interviews, observations, and documentation. The triangulation process was conducted to verify the consistency of information regarding financial transaction recording and business cost management practices. In addition, data validation was strengthened through repeated examination of interview results and cross-checking financial documents with actual business activities observed during the research process.

The data analysis process consisted of several stages, namely data reduction, data presentation, and conclusion drawing. Data reduction was conducted by selecting and classifying relevant information related to the implementation of SAK EMKM. Subsequently, the data were systematically presented to facilitate interpretation and analysis. Finally, conclusions were drawn by comparing the existing financial recording practices with the provisions and components of financial statements required under SAK EMKM.

3. Result and Discussion

Ijun Jok Mobil (Ijun Car Seat) is a business entity in the automotive industry, specifically engaged in car seat manufacturing services, located at Jalan Mesjid No. A15, Sunggal Kanan, Sunggal District, Deli Serdang Regency. Established in 2007, this MSME was founded by Mr. Juni, who is also the business owner, and has one employee who contributes to its operations. As business activity increased, MSME owners at the Ijun Jok Mobil Store began to demonstrate initiative in registering and preparing financial reports more proactively. This study aims to encourage MSME owners to begin the registration process and prepare more detailed financial reports. This was done because MSME owners have a strong interest in understanding the details of their income and expenses during the course of running their businesses. Referring to the results of observations, interviews, and documentation dated October 1, 2025, the business

owners explained that they had not yet prepared financial reports in accordance with the Indonesian MSME Financial Accounting Standards (SAK). The financial reports they prepared only recorded income and expenses in the form of cash collected each month. Interview results indicate that the Ijun Jok Mobil Store MSME has not recorded transactions in accordance with existing accounting financial reporting standards. The recording only covers receipts, expenses, and cash transactions from the business. This condition indicates that the recording practices used at the Ijun Jok Mobil Store do not comply with the financial accounting standards applied to MSMEs, so this can result in cash outflows that are not accurately calculated for business decision making. The results of the study explain that the Ijun Jok Mobil Store MSME has not implemented the preparation of financial reports in accordance with the Indonesian Financial Accounting Standards (SAK) for MSMEs. The recording used is limited to expenses and cash outflows and inflows, with income from commercial activities only recorded simply (Putri and Kusmila, 2023) Based on the results obtained, it is clear that the current recording practices are still rudimentary and do not provide a comprehensive picture of the financial condition. Recording that focuses solely on cash inflows and outflows results in unstructured financial information that does not reflect all economic activity within the business. This situation indicates that the recording system used still has limitations in presenting accurate and complete information.

SAK EMKM is intended to assist MSMEs in preparing standardized financial statements. The SME SAK consists of three components: the income statement, the statement of financial position, and notes to the financial statements. The recording cycle carried out by the Ijun Jok Mobil MSME begins with daily recording, which is reported in a monthly summary, and also records cash receipts and disbursements each month.

In preparing financial reports in accordance with the SME SAK, Toko Ijun Jok Mobil recognizes the importance of recording reports in managing its business. They recognize that financial reports are a crucial requirement for obtaining loans from banks and other institutions, and understand the role of financial reports as a crucial data source for decision making. Therefore, in this study, the SME SAK is used as a reference in preparing financial reports.

Profit and Loss Statement

The profit and loss statement describes a company's results during a specific accounting period and depicts the company's revenue and expenses to calculate net profit. Based on an interview regarding the financial transaction records of

the Ijun Jok Mobil MSME before implementing the EMKM SAK, the owner stated, "My way of calculating my profit is by subtracting total sales from the total cost of purchasing upholstery materials, and I consider the remaining balance my profit." The following is the preparation of the profit and loss report for the Ijun Car Seat MSME Shop based on the Indonesian MSME Financial Accounting Standards (SAK):

Table 1. Profit and Loss Report for the Ijun Car Seat MSME Based on the Indonesian MSME Financial Accounting Standards (SAK) for the Period of October 2025

IJUN CAR SEAT MSME		
INCOME AND LOSS REPORT		
PERIOD OF OCTOBER 2025		
NET SALES		Rp 45.450.000
COST OF GOODS SOLD		
BEGINNING INVENTORY	Rp 5.300.000	
PURCHASES	Rp 25.500.000	
ENDING INVENTORY	-Rp 4.800.000	
TOTAL COGS		Rp 26.000.000
GROSS PROFIT		Rp 19.450.000
OPERATING EXPENSES		
SALARIES	Rp 3.000.000	
ELECTRICITY EXPENSE	Rp 500.000	
EQUIPMENT EXPENSE	Rp 300.000	
DEPRECIATION EXPENSE	Rp 291.667	
TOTAL OPERATING EXPENSES		Rp 4.091.667
NET PROFIT		Rp 15.358.333

Source: Processed Data, 2025

Based on the prepared income statement, a net profit of Rp 15,358,333 was obtained after accounting for all operating cost components, such as salaries, electricity, equipment, and depreciation of fixed assets. This result shows a significant difference compared to the previous calculation method, which was based solely on the difference between sales and purchases of materials. By including all cost components, the resulting profit information is more accurate

and reflects the actual financial condition of the business, thus providing a more realistic picture of business performance.

Statement of Financial Position

A statement of financial position is a report that describes a company's financial position during a specific period (Nuraini and Andrianto, 2023). A statement of financial position consists of asset, liability, and equity accounts. Financial statements are the result of the accounting process that illustrates the financial condition of a business entity and is useful for those involved in making economic decisions. They record financial information for a specific period, which is important for management decision making (Lamaya, 2023).

The statement of financial position of the Ijun Jok Mobil MSME in Payageli Village, Sunggal District, is considered balanced if the total assets equal the total liabilities and equity of the company. However, errors in these balances are possible. The following is the preparation of the financial position report for the Ijun Car Seat MSME based on the Indonesian MSME Financial Accounting Standards (SAK):

Table 2. Financial Position Report for the Ijun Car Seat MSME Based on the Indonesian MSME Financial Accounting Standards (SAK) for the Period of October 2025

IJUN CAR SEAT MSME		
STATEMENT OF FINANCIAL POSITION		
PERIOD OCTOBER 2025		
ASSETS	Notes	October 2025
Cash and cash equivalents		
Cash		Rp 21.950.000
Current Accounts		-
Deposits		-
Total cash and cash equivalents		Rp 21.950.000
Accounts Receivable		-
Merchandise Inventory		Rp 6.500.000
Fixed Assets		Rp 235.000.000
Accumulated Depreciation		Rp 291.667
Total Assets		Rp 263.158.333
Liabilities		
Payables Business		-
Bank Loans		-

Total Liabilities		-
Equity		
Capital		Rp 247.800.000
Retained Earnings (Deficit)		Rp 15.358.333
Total Equity		Rp 263.158.333

Source: Processed Data, 2025

Based on the prepared financial position report, the total assets of the Ijun Jok Mobil MSME are Rp 263,158,333, all of which come from equity, with no liabilities. This indicates that the business is run using its own capital without relying on external loans. Furthermore, the retained earnings of Rp 15,358,333 indicate that the business is able to generate profits that can be repurposed as additional capital. This indicates that the business's financial condition is relatively stable and self-sufficient.

Notes to the Financial Statements

Before the implementation of SAK EMKM in this study, Ijun Jok Mobil MSME had not prepared notes to the financial statements. The owner does not yet understand and is not yet familiar with how to prepare notes to its financial statements, so he only prepares bookkeeping reports, such as cash inflows and cash outflows. The notes to the financial statements are presented systematically, as far as practical. Each account in the financial statements cross-references related information in the notes to the financial statements. The following is an overview of the notes to the financial statements for Ijun Jok Mobil for October 2025:

Summary of Significant Accounting Policies

Compliance Statement

The financial statements of Ijun Jok Mobil MSME for the research period have been prepared based on SAK EMKM.

Basis of Preparation

The basis for preparing the financial statements at Ijun Jok Mobil MSME is historical costs and uses the accrual basis of accounting. The presentation currency used for preparing the financial statements is the Rupiah.

Accounts Receivable

Ijun Jok Mobil MSME does not have accounts receivable because it only makes cash sales, relying on a sales-to-order system.

Fixed Assets

Assuming legal ownership, Ijun Jok Mobil MSME registers fixed assets at the initial purchase price. Minister of Finance Regulation No. 96/PMK.03/2009 stipulates the straight-line depreciation method for fixed assets with no residual value.

Purchases

The total payment is recorded as a purchase.

Revenue and Expense Recognition

The Ijun Car Seat MSME recognizes sales revenue when the sale occurs to the consumer. Expenses are recognized when they are incurred. For example, salary expense is recognized when the salary is paid.

1. Cash
2. The cash held by the owner of the Ijun Jok Mobil MSME was IDR 21,950,000 in October 2025.
3. Accounts Payable
4. The Ijun Jok Mobil MSME has no loans or accounts payable.
5. Retained Earnings

Retained earnings are the accumulated income and expenses after deducting owner distributions. The profits generated by the Ijun Jok Mobil MSME are used as capital for the business. The profit earned by the Ijun Jok Mobil MSME was IDR 15,358,333 after deducting expenses in October 2025.

6. Sales Revenue

The total sales generated by the Ijun Jok Mobil MSME during October 2025 was IDR 45,450,000.

7. Operating Expenses

Total operational costs during October 2025 amounted to IDR 4,091,667.

Based on the conditions prevailing in the business, it is clear that notes to the financial statements have not been prepared, resulting in incomplete presentation of additional information related to accounting policies and transaction details. This has limited the ability to understand the financial statements more thoroughly. Preparing notes to the financial statements would provide more transparency and help explain the details of each account within the financial statements.

Overall, the research results indicate that before preparing financial statements based on the Indonesian Financial Accounting Standards (SAK) for MSMEs, the financial information produced was limited and poorly structured. However, after preparing the financial statements, there was a visible improvement in the quality of the information produced, with financial data becoming more complete, systematic, and easier to understand. This demonstrates that more structured financial records can provide a clearer picture of the business's performance and financial position. SAK EMKM is a financial accounting standard designed to regulate general transactions conducted by micro, small, and medium-sized entities with a simpler presentation than other standards. The main objective of implementing SAK EMKM is to assist MSMEs in preparing systematic, relevant, and easy-to-understand financial reports so that they can be used as a basis for economic decision making (Imawan et al. 2023). However, based on research results, the Ijun Jok Mobil MSME was not yet fully able to prepare financial reports in accordance with these standards before the research assistance was conducted.

Interview results indicate that the owner of Ijun Jok Mobil previously only kept simple records of monthly cash inflows and outflows. Profit was calculated by subtracting total sales from total material purchases, without fully accounting for operational expenses such as salaries, electricity, equipment, and depreciation of fixed assets. This situation indicates that the record-keeping did not comply with the accrual principle as required by the Indonesian Accounting Standards for MSMEs (SAK EMKM).

The business owner also stated that the primary focus had been on smooth operations and fulfilling customer orders, while financial record-keeping had not been a top priority. This resulted in the owner not knowing the exact level of profit earned each period. The resulting profit was immediately reinvested as business capital without structured financial analysis. This condition indicates that MSME owners still have limited accounting literacy and have not fully understood the importance of financial reports in evaluating business performance. The findings indicate that MSMEs tend to prioritize operational continuity over financial administration due to limited human resources and accounting competencies. This condition reflects the practical challenges faced by small businesses in implementing accounting standards despite the availability of simplified standards such as SAK EMKM.

This finding aligns with research Utari et al. (2022) which states that most MSMEs still maintain simple financial records and have not fully implemented the Indonesian Accounting Standards for MSMEs (SAK EMKM). Research Ainun et al. (2024) also found that MSMEs do not fully understand the components of financial statements, particularly the statement of financial position and notes to the financial statements. Furthermore, Achyarsyah et al. (2023) emphasized that limited human resources and low accounting understanding are the main factors contributing to the suboptimal implementation of accounting standards in MSMEs.

A similar finding was found by Alawiyah (2025), who stated that MSMEs' readiness to prepare financial reports based on SAK EMKM remains low to moderate, primarily due to a lack of training and outreach. Research Indradiartha et al. (2025) added that inaccurate cost recording can lead to errors in pricing and measuring business profitability. In the context of Ijun Jok Mobil, this is particularly relevant because the automotive service business has significant labor and material cost components, requiring accurate recording.

After compiling a report based on the MSME Financial Accounting Standards (SAK EMKM), it was found that the net profit for October 2025 was Rp15,358,333, obtained after accounting for all operational expenses and asset depreciation. This information is much more comprehensive than the previous calculation method, which was based solely on the difference between sales and purchases of materials used to manufacture car seats. This indicates that the application of SAK EMKM can provide a more rational and accurate financial picture. This research finding is also in line with the results of research Atma and Yusnita (2025) which stated that the implementation of simple bookkeeping based on SAK EMKM can improve the quality of financial information and support business decision making. Similarly, research Lamaya (2023) emphasized that the statement of financial position and notes to the financial statements play a crucial role in increasing the transparency and accountability of MSMEs.

The implementation of SAK EMKM significantly improved the quality of financial information produced by the MSME. The use of accrual-based recording enabled the business owner to identify operational expenses more accurately, including depreciation, salaries, and utility expenses that were previously unrecorded. This finding supports Financial Literacy Theory, which emphasizes that accounting knowledge influences managerial decision making and business sustainability. Similar findings were also reported by Maseko and

Manyani (2011), who explained that inadequate accounting practices among SMEs may reduce the effectiveness of financial control and profitability measurement. Furthermore, this finding aligns with the objectives of the IFRS for SMEs framework developed by the IFRS Foundation (2021), which emphasizes the importance of simplified accounting standards in improving transparency and accountability among small business entities. Based on the analysis, the main obstacles faced by Ijun Jok Mobil include:

1. a lack of understanding of standards-based financial reporting,
2. the lack of personnel with accounting competencies,
3. low awareness of the importance of systematically measured profit information, and
4. a predominant focus on operational aspects rather than managerial ones.

To address these obstacles, this study recommends that MSMEs participate in accounting training based on the Indonesian Accounting Standards Standard (SAK EMKM) provided by local governments, universities, and professional institutions. Furthermore, increased outreach from stakeholders, such as the Financial Accounting Standards Board of the Indonesian Institute of Accountants (DSAK IAI), regarding the benefits of financial reporting for access to financing and business sustainability is needed. Adding administrative staff or a clear division of tasks in financial management could also be practical solutions for MSMEs seeking to improve their professionalism.

Overall, this study reinforces previous research that low accounting literacy and limited human resources are key obstacles to the implementation of SAK EMKM. However, this study also shows that with mentoring and managerial awareness, automotive service MSMEs such as Ijun Jok Mobil are able to prepare more systematic, transparent, and relevant financial reports to support business sustainability. The findings of this study theoretically strengthen the view of Financial Literacy Theory, which states that accounting understanding plays an important role in improving the quality of MSME financial management. The implementation of SAK EMKM not only functions as a financial reporting standard but also contributes to improving managerial decision-making, cost control, and business sustainability in MSMEs.

4. Conclusion

Based on the information and data compiled by the researcher, it can be concluded that the financial recording practices carried out prior to the study

were still simple and had not complied with applicable accounting standards, where recording was limited only to cash inflows and outflows without the preparation of complete financial statements such as income statements, statements of financial position, and notes to the financial statements. Profit calculation was also conducted using a simple method by subtracting sales from material purchases without considering operational expenses, salaries, electricity, equipment, and depreciation of fixed assets, indicating that the recording system had not implemented the accrual principle in accordance with the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) and was unable to provide an accurate picture of the company's financial condition. After the preparation of financial statements based on SAK EMKM, more systematic and comprehensive financial information was obtained, where the income statement for the October 2025 period showed sales of Rp45,450,000 with total operating expenses of Rp4,091,667 and net profit of Rp15,358,333 after accounting for all cost components and depreciation. In addition, the preparation of the statement of financial position and notes to the financial statements provided greater transparency regarding assets, retained earnings, and the accounting policies applied. The implementation of SAK EMKM proved capable of improving the quality of financial information, supporting cost control, and assisting more rational and data-based decision making. However, the implementation process still faced several obstacles, particularly low accounting literacy, limited human resources with accounting knowledge, and a business focus that remained more oriented toward operational activities than managerial aspects. Nevertheless, this study demonstrates that through mentoring and improved accounting understanding, MSMEs in the automotive service sector such as Ijun Jok Mobil are capable of preparing financial reports in accordance with standards and obtaining a more accurate picture of their financial condition. Therefore, the research objective to analyze transaction recording practices and cost management based on SAK EMKM, as well as to assess its role in supporting MSME financial management, has been successfully achieved, with the implementation of SAK EMKM proving to be an important instrument in enhancing transparency, cost efficiency, and business sustainability.

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