

# Implementation Analysis of Financial Accounting Standards for Entities Without Public Accountability (Sak Etap) on Financial Statements of Bumdes Ora Et Labora in Usapisonbai Village, Nekamese District

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**Abstract**—The purpose of this research was to analyze the implementation of the Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP) of 2016 with the financial statements of BUMDes Ora Et Labora of 2020 in Usapisonbai Village. Data collection was carried out by interviewing and reviewing financial statement documents. The data analysis technique used was comparative qualitative descriptive analysis. The results of the study indicated that the preparation of the financial statements of BUMDes Ora Et Labora of 2020 has not implemented Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP). BUMDes Ora Et Labora did not compose a Balance Sheet, Statement of Changes in Capital, Cash Flow Statement and Notes to Financial Statements. BUMDes Ora Et Labora only prepared profit and loss statement. The discrepancy found in the profit and loss Statement, namely in the expense component, BUMDes Ora Et Labora did not provide information on depreciation expense, rental equipment transportation expenses and management salary expenses. Not to mention, in the profit and loss component, BUMDes did not provide any information regarding profit or loss earned in the budget period of 2020, so it can be concluded that the preparation of the Financial Statements of BUMDes Ora Et Labora of 2020 has not implemented Financial Accounting

**Standards for Entities Without Public Accountability (SAK ETAP).**

**Keywords**—BUMDes, Financial Statements, SAK ETAP

## I. INTRODUCTION

Village-Owned Enterprises (BUMDes) are one of the most important business entities established by the Village Government and initiated by village communities and aim to utilize all the potential of natural resources and human resources in order to improve the welfare of rural communities.

In its implementation, BUMDes managers are required to make financial statements as a form of accountability to internal and external parties. The internal parties in question are divided into 3, namely management, shareholders or investors, and employees. Meanwhile, external parties are creditors and the government[1] It is stated that the board of directors is obliged to (a) prepare financial statements for all BUMDes business units; (b) making progress of activities in the current month; (c) submit reports on all BUMDes business activities to advisors every 3 (three) months and (d) submit reports on BUMDes business developments to village communities through village deliberation forums at least once in a year[2] Therefore, it is necessary to have a guideline for preparing applicable and appropriate financial statements. Financial

Accounting Standards Without Public Accountability (SAK ETAP) issued by IAI are very precisely implemented in accordance with the character of BUMDes. The complete financial statements of an entity according to SAK ETAP consist of a balance sheet, profit and loss statement, statement of changes in equity, cash flow statement and notes to financial statements.[3]

Usapisonbai village is one of the villages that has established BUMDes in 2016 under the name BUMDes Ora Et Labora, through a Village Consultative Board meeting which determined several types of businesses including cattle fattening, convenience stores, purchasing of agricultural and community plantation products and party equipment rental. In the implementation of the preparation of financial statements, it is unknown whether the preparation of financial statements based on Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP) has been implemented or not. Therefore, the authors are interested in analyzing the implementation of Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP) in the financial statements of BUMDes Ora Et Labora.

The data analysis method was carried out in a qualitative comparative descriptive manner, namely by comparing theories with practices that occurred in the field, and then drawing conclusions from the results of the comparison by using 3 (three) steps of data analysis, namely (1) Describing the data, (2) Comparing data, and (3) Evaluating the results of the comparison by drawing conclusions. At the stage of describing the data, the authors then described the components of the financial statements of BUMDes Ora Et Labora, namely balance sheets, profit and loss statement, statement of changes in capital, cash flow statement and notes to the financial statements. At the stage of comparing the data, the authors then compared the elements of the financial statements of BUMDes Ora Et Labora with Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP) and in the third flow, an evaluation was carried out by drawing conclusions based on the results of the comparison.

## II. LITERATURE REVIEW

### 2.1 Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP).

Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP) are intended to be used by entities without public accountability. An entity without public accountability is an entity that: (a) has no significant public accountability; and (b) financial statements issued for general purposes (general purpose financial statements) for external users. In this case, external users are owners who are not directly involved in business management, creditors, and credit rating agencies[3]

The requirements for the recognition and measurement of assets, liabilities, income and expenses in Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP) are based on the pervasive principles of the Basic Framework for the Presentation and Measurement of Financial Statements[3]

### 2.2 Financial Statements

The objective of financial statements is to provide information on the financial position, financial performance, and cash flow of an entity that is useful to a wide range of users in making economic decisions by anyone who is not in a position to request specific financial statements to meet specific information needs. In meeting its objectives, financial statements also show what management (stewardship) has done or management's responsibility for the resources entrusted to it. The financial statements fairly present the financial position, financial performance, and cash flow of an entity. Fair presentation requires an honest presentation of the effects of transactions, other events and conditions in accordance with the definitions and criteria for recognizing assets, liabilities, income and expenses[3].

Village finances are all village rights and obligations that can be valued in money, money and goods related to the implementation of village rights and obligations[4]. The village government is obliged to compile a Report on the Realization of the Implementation of the Village Budget and an Accountability Report on the Realization of the Implementation of the Village Budget. This report is created from a cycle of village financial management, starting from the planning and budgeting; implementation and administration; to reporting and accountability for village financial management[5] The BUMDes financial statements contain at least four elements as a reference, namely assets, debts, costs and income

accompanied by evidence of existing and valid transactions.[6]

**2.3 Village-Owned Enterprises (BUMDes)**

There are three philosophies behind the establishment of BUMDes, first, even though BUMDes is a business entity, its purpose is not merely to seek profit, but also to provide services to the community (as an extension of the Village Government) and carry out community empowerment efforts and drive the village economy. Second, BUMDes should not take over economic activities that have been carried out by residents, but create new ones, provide value added or synergize existing economic activities that were previously carried out by villagers. Third, BUMDes is in the form of a Social Enterprise, which is a business institution established to solve social problems, by creating value added (Creating Value), managing potential and assets (Managing Value) and providing maximum benefit to residents (Distributing Value)[7].

Village-Owned Enterprises, hereinafter referred to as BUMDes, are business entities whose entire or most of the capital is owned by the village through direct participation originating from village assets which are separated to manage assets, services, and other businesses for the welfare of the village community[8]. BUMDes is established as a new approach in an effort to improve the village economy based on the needs and potential of the village. BUMDes is fully managed by village communities, namely from the village, by the village, and for the village. The way BUMDes works is to accommodate the economic activities of the community in an institutional form or business entity that is managed professionally, but still relies on the original potential of the village. This can make community businesses more productive and effective[7]

**2.4 Research Road Map**

The Research Road Map can be described as follows:

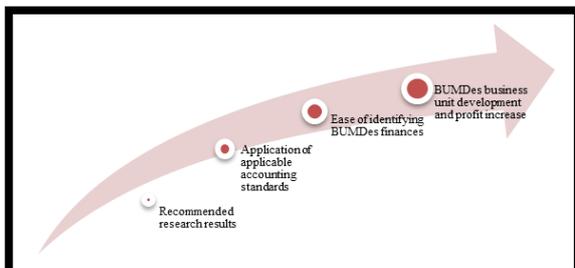


Figure 1. Research Road Map

This study begins by analyzing problems related to the preparation of BUMDes financial statements, then the results of this study are used as recommendations for BUMDes management and village government in determining policies to improve the preparation of financial statements. The preparation of the right financial statements will make it easier to identify the financial condition of BUMDes then BUMDes can develop business units so as to increase operating profits.

**III. RESEARCH METHOD**

**3.1 Research Flow**

The stages of the research method started from the appropriate literature study according to the phenomenon that occurred in the community, after that data collection was carried out by interviewing the object of research in this case the BUMDes managers, namely the Director, Secretary and Treasurer as informants related to the establishment and development of BUMDes, activities and mechanisms financial statements used so far. Then the study of documents based on financial documents from BUMDes managers then carried out data analysis, namely describing BUMDes financial statements, making comparisons between the preparation of BUMDes financial statements with the preparation of financial statements according to Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP) and then drawing conclusions.

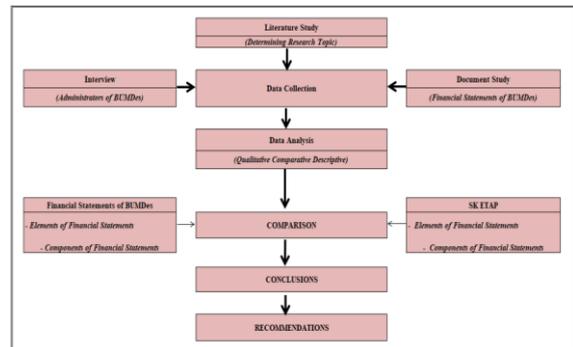


Figure 2. Research Flowchart

**3.2 Research data**

The types of data used in this study are primary data in the form of financial report documents of BUMDes Ora Et Labora and secondary data related to the establishment and management obtained from interviews and observations. The data were analyzed using a qualitative comparative descriptive method, namely by comparing theories with practices that occurred in the field, and then drawing conclusions from the results of the comparison by following 3

(three) steps of data analysis, namely (1) Describing the data, (2) Comparing the data, and (3) Evaluating the results of the comparison by drawing conclusions. At the stage of describing the data, the authors described the components of the financial statements of BUMDes Ora Et Labora, namely balance sheets, profit and loss statement, statement of changes in capital, cash flow statement and notes to financial statements. At the stage of comparing the data, the authors compared the elements of the financial statements of BUMDes Ora Et Labora with Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP) and in the third flow, an evaluation was then carried out by drawing conclusions.

**IV. RESEARCH RESULTS AND DISCUSSION**

**4.1 General Description of BUMDes Ora Et Labora**

BUMDes Ora Et Labora was established in 2016 and is located in Usapisonbai village, Nekamese district, Kupang regency. BUMDes Ora Et Labora had stopped operating for some time and was only able to operate again at the end of 2019 after a new board was formed. The capital of BUMDes Ora Et Labora comes from the 2019 Village Budget of IDR 116,000,000, - the type of business carried out during the 2020 period is the rental business of party equipment, this type of business is consistent to the conditions of the local village community. The party equipment for rent includes tents, chairs and lights.

**4.2 Research results**

Based on the results of analysis through interviews and review of BUMDes financial statement documents, transactions carried out in the 2020 period consisted of purchasing rental equipment, income lists, expense lists, general and administrative costs, equipment rental costs, income expenses and taxes. All these transactions were recorded in one book, namely a daily cash book that contained all income and expenses that were simplified and not classified, even though the recording followed the accounting cycle from journalizing transactions to the stage of composing a work sheet which was very essential and helpful in the process of preparing financial statements.

Based on the results of the analysis of the 2020 financial report documents, BUMDes Ora Et Labora only composed one out of five components of the financial statements required in Financial Accounting Standards for Entities

Without Public Accountability (SAK ETAP). Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP) guidelines state that a financial report is complete if it presents five components that must be prepared by the entity, namely (1) Balance Sheet, (2) Profit and Loss Statement, (3) Statement of Changes in Capital, (4) Cash Flow Statement and (5) Notes to Financial Statements. The entity, in this case BUMDes Ora Et Labora, only presents profit and loss statement. This means that the financial statements presented by BUMDes Ora Et Labora are incomplete in terms of compliance with Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP). Based on the results of interviews with BUMDes managers, it was stated that the presentation of the income statement was deemed sufficient to provide information regarding the financial condition of the BUMDes Ora Et Labora, all elements contained in the profit and loss statement are the total accumulation quoted from the daily cash book. It was admitted that the simplification of recording financial statements carried out by BUMDes Ora Et Labora is to make it easier for the managers to understand the report. The appearance of the profit and loss statement presented by BUMDes Ora Et Labora is as follows:

BAB IV LAPORAN KEUANGAN BUMDES "ORA ET LABORA"		
LAPORAN KEUANGAN BADAN USAHA MILIK DESA "ORA ET LABORA" PERIODE JANUARI-DESEMBER 2020		
LAPORAN LABA/RUGI		
<b>A. PENDAPATAN</b>		
1. Jasa Januari		Rp525.000
2. Jasa Februari		Rp560.000
3. Jasa Maret		Rp200.000
4. Jasa April		Rp245.000
5. Jasa Mei		Rp500.000
6. Jasa Juni		Rp250.000
7. Jasa Juli		Rp300.000
8. Jasa Agustus		Rp500.000
9. Jasa September		Rp232.000
10. Jasa Oktober		Rp225.000
11. Jasa November		Rp225.000
12. Jasa Desember		Rp200.000
<b>JUMLAH JASA</b>		<b>Rp9.232.000</b>
<b>B. BERAN / BIAYA LAINNYA</b>		
1. Pembelian ATK		Rp250.000
2. Fotocopy		Rp132.000
<b>JUMLAH BIAYA</b>		<b>Rp382.000</b>
		<b>TOTAL A-B = Rp7.850.000</b>

Figure 3. Profit and loss statement of BUMDes Ora Et Labora

In the Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP) rules, it is stated that there are three main components that must be included in the profit and loss statement, namely income, expenses, profit and loss. The profit and loss statement is made to find out the net profit earned by the business unit by subtracting the total revenue by the total expense. Based on the presentation of the profit and loss statement above, it appears that several components are incomplete as required in Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP). In detail, it can be seen in the comparison table of

the profit and loss statement of Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP) and BUMDes Ora Et Labora in the following table:

**Table 1. Comparison of Profit and Loss Statement According to Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP) and BUMDes Ora Et Labora**

No	Compared components	SAK ETAP	BUMdes Ora Et Labora	Description
1	Income	Presented in the profit and loss statement: <ul style="list-style-type: none"> <li>• Operating income</li> <li>• Non-operating income</li> </ul>	Services income	Consistent
2	Expenses / Costs	<ul style="list-style-type: none"> <li>• General and administrative expenses</li> <li>• Operating expenses</li> <li>• Depreciation Expenses</li> </ul>	General and administrative expenses x x x	Less consistent
3	Gross Profit/Loss	Profit (Gross) before tax Income tax expense Net Profit/Loss	x x x	Inconsistent

( Source : *Processed Primary Data, 2021* )

After comparing the profit and loss statement presented by BUMDes Ora Et Labora with Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP), it can be seen that there is a very significant discrepancy. Disclosure of components is not in accordance with the provisions of Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP).

1. In the income component, BUMDes Ora Et Labora reveals that there is operating income during the 2020 period. From the results of interviews with the managers that there is no other income other than business income or there is no income outside the business.
2. In the expenses component, BUMDes Ora Et Labora only discloses general and administrative expenses, while operating expenses and depreciation expenses are not disclosed. Based on the results of the analysis in the daily cash book of BUMDes Ora Et Labora, there are transactions for the procurement of business equipment, transportation costs for rental equipment and management salaries, the three accounts should not be accumulated and informed in the profit and loss statement, so some of the impacts of not counting the three accounts are:
  - a) The determination of the rental price is not accurate and the profit is greater than it should be,
  - b) By not acknowledging the management fee as an expense, there will be an error in calculating the income tax expense
  - c) By not calculating the depreciation cost of equipment, it will not be certain when the asset must be replaced, which means

that its service life will not be maximized.

- d) There is no depreciation value that can be used as an allocation to replace business equipment that has expired with new equipment.
  - e) BUMDes Ora Et Labora will find it difficult to record when the asset is discontinued, because there is no accumulated depreciation account for equipment
3. In the Profit component, BUMDes Ora Et Labora does not provide any information regarding the profit or loss generated by the entity in the 2020 budget period, the profit and loss statement does not describe the profit or loss and the business unit is well managed or not. So it cannot be used as an evaluation material for decision making.

Based on the results of the research and discussion above, there are similarities with previous research, namely the Application of Financial Accounting Standards for Entities Without Public Accountability in the preparation of business financial statements. Several previous studies, such as those conducted by [1] have research results showing that the Financial Accounting Standards for Entities Without Public Accountability have not been fully implemented. Of the 33 cooperatives that are the object of this research, only 3 cooperatives have compiled comprehensive financial reports. Similar research conducted by [9] has results showing that the recording of transactions used by BUMDes Langkitin uses memorial journals for summarizing and trial balances for summarizing, the presentation of financial statements only presents two types, namely balance sheets and income statements. Likewise, research conducted by [10] has results showing that the preparation of financial statements by Oryza Mart Jember in the 2017 period still does not meet the completeness according to SAK-ETAP. Oryza Mart has not prepared a cash flow statement and notes to financial statements and only compiled 3 financial reports, namely the Balance Sheet, Income Statement, and Statement of Changes in Capital. There is also a discrepancy in the Balance Sheet, namely the absence of separate classifications of shop equipment and office equipment, buildings and land, as well as separate classification of short-term liabilities and long-term liabilities.

## V. CONCLUSIONS

Based on the results of the study and the description of the discussion, it can be concluded that:

1. Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP) has not been implemented in the preparation of the financial statements of BUMDes Ora Et Labora of 2020. There are still some shortcomings in the process of recording transactions and preparing financial statements. This is evidenced by the fact that BUMDes did not carry out the stages of recording transactions according to Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP), which should begin with the process of identifying evidence, journalizing, posting to the ledger, composing a trial balance, making adjusting entries, composing a work sheet to making financial statements. BUMDes Ora Et Labora only identified transactions and recorded all transactions into a daily cash book. At the stage of preparing financial statements, BUMDes Ora Et Labora only composed one out of the five types of financial statements required in Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP). The financial statements presented in the form of profit and loss statement is not in accordance with the applicable Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP) guidelines
2. Inaccuracies in accounting and preparation of financial statements resulted in not recording profit and loss that represented the level of business of BUMDes Ora Et Labora
3. Knowledge of managers of BUMDes Ora Et Labora regarding BUMDes management regulations, BUMDes financial administration, BUMDes accounting and Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP) is still limited
4. Judging from the aspect of capital worth IDR 116,000,000,- then BUMDes Ora Et Labora has not been efficient in managing capital. BUMDes Ora Et Labora only focused on one business unit while the amount of capital provided is very large.

#### VI. RECOMMENDATIONS

1. BUMDes Ora Et Labora in preparing financial statements must use generally accepted and standardized financial reporting standards.
2. The managers of BUMDes Ora Et Labora need to get counseling related to the organization and management of BUMDes
3. The managers of BUMDes Ora Et Labora need to attend training and assistance in preparing financial reports
4. BUMDes Ora Et Labora needs to develop its business by optimizing village potential and resources so that it does not focus on only one business unit, thus the use of capital can be more efficient.

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