

**PREPARATION OF FINANCIAL STATEMENTS FOR SMALL-MEDIUM  
ENTERPRISES BASED ON FINANCIAL ACCOUNTING STANDARDS  
FOR MICRO, SMALL, MEDIUM, ENTITIES  
(SAK EMKM)**

**(Case Study at Home Industry XYZ)**



**Undergraduate Thesis**

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**Accounting**

*Proposed as One of The Requirements for Achieve Bachelor's Degree in Economics*

**MINISTRY OF RESEARCH, TECHNOLOGY, AND HIGHER  
EDUCATION**

**SRIWIJAYA UNIVERSITY**

**ECONOMICS FACULTY**

**2018**

**LEMBAR PERSETUJUAN UJIAN KOMPREHENSIF**

**PREPARATION OF FINANCIAL STATEMENTS FOR SMALL-MEDIUM  
ENTERPRISES BASED ON FINANCIAL ACCOUNTING STANDARDS  
FOR MICRO, SMALL, MEDIUM, ENTITIES (SAK EMKM)  
(Case Study at Home Industry XYZ)**

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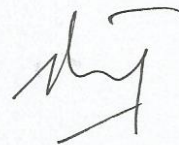
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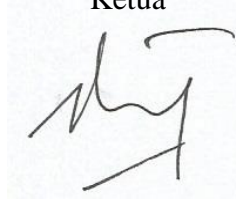
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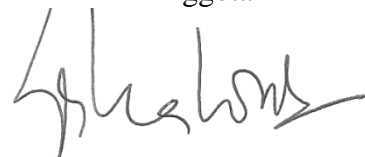
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**Is true that original. There is no citation of other research which is not mentioned the sources in this research. I made this statement truly and if there is inconsistent statement later, I am willing to revoked the predicate of bachelor's degree.**

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## **PREFACE**

Praise and gratitude of the researcher prayed upon the presence of Allah SWT because of the Favor, Grace, Hidayah of Him, researcher is able to handle this script. Sholawat and greetings of the researcher are blessed to the Prophet Muhammad, his family, his Companions, and his followers to the end of the age, Aamiin. This study entitled Preparation of Small Medium Business Financial Statements based on Micro, Small, Medium Financial Accounting Standards, Entities (SAK EMKM) (Case Study in Home Industry XYZ). This study aims to investigate about application of SAK EMKM at Home Industry XYZ.

Researcher hopes this script could be beneficial to SMEs, manufacturer entities, specifically Home Industry XYZ, as suggestion and reference in the future.

Researcher,

A handwritten signature in black ink, consisting of several loops and flourishes, positioned above the printed name.

Chaleda Fatha DPJ

## ACKNOWLEDGEMENT

Praise to Allah SWT for His mercy and the chance given to me to accomplish my thesis. This thesis is a requirement to achieve bachelor degree from economic faculty of University of Sriwijaya. In this opportunity I want to give my deepest appreciation to several parties who always dedicate their support for me in accomplishing my thesis, they are:

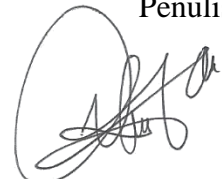
1. Arista Hakiki, S.E, M.Acc, Ak, CA Head of management department economic faculty University of Sriwijaya.
2. Umi Kalsum, S.E., M.Si, secretary of management department economic faculty University of Sriwijaya
3. Dra. Hj. Kencana Dewi, M.Sc., Ak., CA. my thesis supervisor I who always guide me patiently and boost my spirit.
4. Rika Henda Safitri, S.E., M.Acc., Ak., CA., my thesis supervisor II who always guide me patiently and boost my spirit.
5. Dr. Tertiaro Wahyudi, SE.,MAFIS. Ak.,CPA. my thesis examiner who support me to accomplish my thesis properly.
6. Prof. Dr. Ir. H. Anis Saggaff, MSCE, Rector of Sriwijaya University.
7. Prof. Dr. H. Taufiq Marwa, M.Si, Dean of economic faculty University of Sriwijaya.
8. Lecturers of Economic Faculty, who give me a lot of knowledge as my provision in the future.
9. Accounting department staffs, Kak Adi (Suryadi), and mbak Novi (Novianti Ratnasari) that helped, give suggestion and cheering up researcher until i accomplished my thesis.
10. My beloved parents, Afdhal dan Theresia, due to all prayers and supports.
11. My one and only brother, dr. Chaled adams, that always help researcher, and taught researcher about time management, supports, and a lot of suggestion.

12. My besties, Harjanti Mayang Lestari, Wenti Rejasuari, Agustina Aisyah, Intan Gea V., Anggita Rosyada, that always supports and share everything during the study in accounting department.
13. My squad, Agus Aprianto, Denny Nabawi, Nandya Sarah Utami who always behind me during college life until I can accomplish my thesis.
14. All students from accounting department.
15. All staffs member of IMA FE UNSRI on 2016-2017 and 2015-2016. Its such an honor that we can spend good time together. I get a lot of knowledge and it helped me in accomplish this thesis.
16. D. N. Satrio A., who always be there when I need support and improvements.

. Finally I give my highest gratitude to all of parties that I can't mention one by one. I do realize that this thesis is far from perfect, but regarding to all flaw I hope this thesis will be useful for society especially academic environment in University of Sriwijaya. May God always bless us with His mercy. Amin.

Palembang, Mei 2018

Penulis



Chaleda Fatha DPJ

## ABSTRACT

### **Preparation of Financial Statements for Small-Medium Enterprises Based on Financial Accounting Standard for Micro, Small, Medium Entities (SAK EMKM) (Case Study at Home Industry XYZ)**

*By:*

**Chaleda Fatha DPJ;**

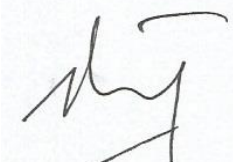
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**Rika Henda Safitri, SE.,M.Acc.,Ak,CA.**

This study aims to investigate about application of Financial Accounting Standards for Micro, Small, Medium, Entities (SAK EMKM). Home Industry XYZ is a manufacturer company that sells plastic rope. Home Industry XYZ has sales and purchases bookkeeping. Moreover, they never prepare any appropriate financial statements before. Steps in preparing Financial Statements based on SAK EMKM are decide period of disclosure, create a list of transaction, create beginning balance, define transactions into journal, prepare simple worksheet, prepare financial position statement, income statement, and notes to the financial statements. Obstacles faced by Home Industry XYZ are lack of knowledge, irregular time, and incomplete data.

***Keywords : SAK EMKM, SMES, Financial Statements***

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---

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*Committee*

- ✓ SEABC is annual agenda in Sriwijaya University that is participated by international academic
- ✓ Committee is required to manage, prepare, until the event has done. Committee is required to speak fluently in english and good attitude to communicate with participants

**Sriwijaya Accounting and Business Conference (SEABC) 2015** **November**

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---

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competition, and short movie competition. There are 9 divisions under 4 Board, consists of academic board, finance board, financial board, internal board, and external board

- ✓ I responsible and have to cooperate with lecturer, department, faculty, university administration, staffs, dean, rector of university sriwijaya, and external parties

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- ✓ I responsible to plan, directing, and control the execution of a regional event and familiarize IMA FE UNSRI in Palembang by doing some collaboration with external association

**Relawan Anak Sumatera Selatan (RASS) | June 2016**

*Member*

- ✓ I teach, learn, and share with street children
- ✓ I worked with everyone in that association, and meet a lot of people that interested with the association

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## **MOTTO**

**be kind to everyone, every single things, and this world would be a humble  
place for you to live**

**-Chaleda Fatha, 2008-**

# CHAPTER I

## INTRODUCTION

### 1.7 Research Background

It has been proven that financial monetary crisis on 1998 and crisis on 2008-2009 is not a matter for small business enterprises (SMEs) to grow in Indonesia (Wahyuningsih, 2009; Nurlaela, 2015; Sari *et al.*, 2016). Central Bank stated that 96% of SMEs survived those crises. It shows that SMEs are able to stimulate economics in Indonesia. Moreover, SMEs act as a constant agent who contributes to Indonesia's income.

According to Central Bank member of SMEs in Indonesia in 1999 is 37.911.723 and increase continuously. SMEs also dominate Indonesia's Gross Domestic Product at 59,08% (Rp 4.869,57 trillion) with the growth at 6,4% per year. SMEs contribute 14,06% (Rp 166,63 trillion) of total national export.

**Table 1.1 SMEs Growth on 2003-2013**

Year	Growth (percentage)	Total SMEs
2003	3.61	43.460.242
2004	3.03	44.777.387
2005	5.00	47.017.062
2006	4.26	49.021.803
2007	2.29	50.145.800
2008	2.52	51.409.612
2009	2.64	52.764.603
2010	2.01	53.823.732
2011	2.57	55.206.444
2012	2.41	56.534.392
2013	2.41	57.895.721

(Source: bps.go.id)

Although in the last ten years SMEs' growth is increasing, SMEs are not contributing in increasing Indonesia's income taxes. In 2015, Directorate General of Taxes Republic of Indonesia reported that SMEs only contribute less than 1% to Indonesia's income from taxes (Rakhmad, 2015). In 2015, total of taxpayer registered in Directorate General of Taxes Republic of Indonesia administration system is 30.044.103 taxpayer, which consists of 2.472.632 corporate taxpayer included SMEs, 5.239.385 personal taxpayer, and 22.332.086 employee personal taxpayer. It is in contrast to data on bps which is stated about 93, 72 million of Indonesia's residents are working. It means, only about 29,4% worker in Indonesia registered as taxpayer. It shows that not all of corporates, SMEs, and worker in Indonesia are registered in Directorate General of Taxes Republic of Indonesia (*Refleksi Tingkat Kepatuhan Wajib Pajak*, 2016).

The small amount of SMEs contribution in Indonesia's income from taxes shows SMEs low level obedience to fulfil their role as taxpayer. SMEs are considering the decreasing profit if they follow tax regulation. Besides regulation factors, SMEs must recalculate their selling price if they continue being taxpayers. The main obstacles on why SMEs do not fulfil their role as taxpayers are the lack of knowledge in accounting, the complexity of the accounting process, and the assumption that financial statements are not important for SMEs (Grande, Estébanez and Colomina, 2011; Rudiantoro and Siregar, 2012; Widayanti and W., 2015; Armitage, Webb and Glynn, 2016; Widyatama and Yanida, 2016). Financial statements are needed to determine tax compliance of taxpayer. For entities themselves, besides as requirement for tax compliance, financial

statements can be used as form of accountability from management to owners; directors; creditor, etc., to evaluate business activities, and SMEs would have the opportunity to get credit that can be used for capital increase and develop and expand their entity (Fuadah and Anton, 2010; Rudiantoro and Siregar, 2012).

Most of SMEs failed to survive in competition among them, because of their limitation in capital (Abdulsaleh and Worthington, 2013). Most of SMEs in Indonesia are incapable to get funding from external, especially from banks (Alfitri, Ngadiman and Sohidin, 2014). There are about 60%-70% of SMEs have not received access to get funds from banks (Sari *et al.*, 2016). Mostly, they did not get fund from banks because SMEs did not have financial statements (Sudiarta, Kirya and Cipta, 2014). Financial statements are one of important components for banks or external users to know about the SMEs itself, and also as consideration to make decision related to funding the SMEs (Widyatama and Yanida, 2016).

Based on Financial Accounting Standards in Indonesia (PSAK) paragraph 09 number 1 ('Pernyataan Standar Akuntansi Keuangan', 2014), Financial statements are a structured presentation of the financial position and financial performance of an entity. The purpose of the financial statements is to provide information about the financial position, financial performance, and cash flows of entities that useful to most financial users in making economic decision. The financial statements also show the results of management accountability for the use of the resources entrusted to them. In order to achieve these objectives, the financial statements present information on the entity that includes assets;

Liabilities; Equity; Income and expenses, including gains and losses; Contributions from and distribution to owners in their capacity as owners; And cash flow. The information, together with any other information in the notes to the financial statements, assists the users of the financial statements in predicting the future cash flows of the entity and, specifically, in the time and certainty of obtaining cash and cash equivalents.

Financial statements can be used as a tool to explain about condition of an entity in financial point of view based on financial ratios in a certain accounting period (Linawati, Mitha and Restuti, 2015). Moreover, the precise explanation of the financial position leads to accurate assessment of entity's business performance, identifying all possible short comings and allowing managements and/or owners/director to make decisions that boost the company's profitability, and helping in framing future business plans and policies. Some of research conducted to find out that accounting information usage in decision making, then found out it will improve entity's achievement (Rocha Joseph R. and Khan, 1985; Acar, 1993; Gaskill, Van Auken and Manning, 1993; Palmer and Palmer, 1995, 1996; McMahon, 2001; Owusu, Assabil and Asare-kyire, 2015). However, there is a lot of SMEs do not have financial statements. In fact, it is possible for entity without financial statements running well in operating their business activities and could survive in business competition.

For external users of entity who has financial statements such as creditor could see performance of entity (Rahman *et al.*, 2017). Creditor could consider and has prognosis for entity's future according to entity's ability to pay their debt.

SMEs could grow and expand their business if they have financial statements (Warsono *et al.*, 2010; Widayanti and W., 2015). Furthermore, entity with comprehensive financial statements would have an overview of the entity's business activities within a certain period of time, evaluation and optimization of their business activity, and choose the right economic choices for their future (Deaconu, Nistor and Popa, 2009; Nandan, 2010; Maseko and Manyani, 2011; Abanis *et al.*, 2013; Owusu, Assabil and Asare-kyire, 2015).

Financial accounting standards for SMEs itself is still a concern in other country. Each country has their own regulations about financial accounting standards and they still facing various problem about it on their country (Mullerova, Pasekova and Kubickova, 2010; Hussain, Chand and Rani, 2012). In Indonesia, financial accounting standards are too complicated to be implemented (Wahdini and Suhairi, 2006). That finding already solved, because Financial Accounting Standards Boards of Indonesian Institute Accountants (DSAK IAI) published Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP) that can be used by SMEs, cooperative, and other entities without public accountability starts from January, 1 2009.

Implementation of SAK ETAP tested by some of researcher, some of them found out that SAK ETAP is quite complex to be applied by SMEs (Pratiwi, Sondakh and Kalangi, 2010; Alfitri, Ngadiman and Sohidin, 2014). Although it is complex, bank of Perkreditasi Rakyat in Manado and Bandung applied SAK ETAP comprehensively (Agustami and Suntri, 2013; Yuliza and Yunawati, 2015). Those findings show that SMEs still facing problems to apply SAK ETAP.

Main boundaries of entity to prepare appropriate financial statements is lack of knowledge, lack of time, and lack of awareness to financial statements itself (Fuadah and Anton, 2010; Maseko and Manyani, 2011; Hussain, Chand and Rani, 2012; Harahap, 2014; Mendoza, 2014; Nurlaela, 2015; Owusu, Assabil and Asare-kyire, 2015).

Fuadah and Anton (Fuadah and Anton, 2010) stated several problems faced by SMEs in Indonesia are SMEs may not be prepared with sufficient detail to make financial statements; the SMEs Financial statements may not be prepared appropriately based on Accounting Standard, Financial statements may be prepared irregularly and/or infrequently by the SMEs; the financial statements of SMEs may not be provided to all parties; financial statements should be routinely analysed and interpreted by SMEs. After DSAK IAI published SAK ETAP that simpler standard than PSAK which still too complex and difficult to be applied by SMEs in Indonesia, on November 2016 DSAK IAI published a new standards specifically for business entity called Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM).

DSAK IAI explained in ('Standar Akuntansi Keuangan Entitas Mikro, Kecil, dan Menengah', 2016) that SAK EMKM as SMEs' guidance to prepare their financial statements in order to fulfil their needs in preparing financial reports. Existences of SAK EMKM propose to help SMEs in Indonesia to prepare their financial statements. Thus, makes SMEs to obtain funding from various financial institutions smoothly. SAK EMKM focused on general transaction done

by SMEs. By using pure historical cost as measurement basis, SMEs only records their assets and liabilities based on their acquisition cost.

SAK EMKM is legally effective per January 1, 2018. After the standard published, SMEs in Indonesia can choose between SAK ETAP or SAK EMKM as a guidance of financial accounting standards in order to prepare their financial statements ('Standar Akuntansi Keuangan Entitas Tanpa Akuntabilitas Publik', 2016). Although SAK EMKM is legally effective per January 1 2018, earlier adoption of SAK EMKM is recommended by DSAK IAI. Moreover, it will be needed to do research about application of this standard at Indonesia.

There are a lot of SMEs in Palembang. One of them is Home Industry XYZ that established on 1994 and located in Ilir Timur I, Palembang. They sell plastic rope in several sizes which measures and differentiate by kilograms. They bought raw material and then process it by cutting it into several size with make sure the product has good quality. After they package their product neatly, their finished goods are ready for sell.

Since running their business, they never have financial statements. More than twenty years Home Industry XYZ had never get funds from externals. In the beginning of their business owner has a role as manager too. But, since 4 years ago they had changes in management structure. Owner is no longer has role as manager, now they have someone that entrusted to be a manager that run the business activities.

That fact shows that manager need to shows their responsibility or at least explain their business activities progresses. Owner of Home Industry XYZ just



control the business monthly. A simple income statement made by manager is a form of accountability and responsibility from manager to owner. Therefore, simple income statement is not enough to give appropriate information about business activities and progresses. Thus, manager needs to prepare financial statements in order to give more information to owner. So, owner gets more specific and accurate data about the business activities. Furthermore, owner will have prognosis about entity's future and make right economic decision.

Earlier adoption of SAK EMKM is recommended by DSAK IAI. In order to penetrate understanding and also socialize about SAK EMKM to SMEs, this research will be conducted by deep interview, documentation, and observation. Researcher will implement deep interview and observation in accounting cycle, and then prepare financial statements of Home Industry XYZ based on SAK EMKM.

Home Industry XYZ keep survive without any accurate data from their business activities. But, it could be better if they have financial statements. Because, they could get prognosis of their business activities and they could manage their business better than before. They also could get funding from financial institution that can help them to develop and expand their business. Moreover, with the minimum scale of sales Rp 380.000.000 annually, they never pay their tax. By having financial statements, they can fulfil their role as corporate taxpayer and contribute to Indonesia's income from taxes.

Through this research, expectantly owner could read financial statements and use it to make decision for his business. For manager of Home Industry XYZ,

she fulfil her responsibility by preparae financial statement as his responsibility to external users especially to the owner. This research will observe about preparation of SAK EMKM for Home Industry XYZ and see whether it is applicable for SMEs or not, its obstacles and its benefit for Home Industry XYZ. Preparation of financial statements in this research is included disclosure of financial statements too. Because, disclosure of financial statements is part of preparation of financial statements based on SAK EMKM.

### **1.8 Research Problem**

Based on explanation above, the problem formulation of this research are:

- a) How is the current condition of preparation of financial statements on Home Industry XYZ ?
- b) How are preparation of financial statements for Home Industry XYZ based on SAK EMKM?
- c) What is the obstacles and benefit in preparation of financial statements in Home Industry XYZ based on SAK EMKM?

### **1.9 Purpose of Research**

Based on problem formulation of this research, the purpose of research are:

- a) To identify about current condition of preparation of financial statements on Home Industry XYZ.

- b) To observe technique for preparation of financial statements for Home Industry XYZ based on SAK EMKM.
- c) To identify obstacles and benefits obtain by Home Industry XYZ in preparation of financial statements based on SAK EMKM.

#### **1.10 Research Contribution**

Contribution of this research are:

- a) Theoretical and academic. Expected to be use as reference and can be used to add knowledge, and understanding of implementation SAK EMKM for SMEs.
- b) Practical benefit, expected to be used for SMEs as reference to prepare financial statements based on SAK EMKM. Further, consistency of financial statements could help SMEs to get funds for expand their entity. For internal of company, implementation of financial statements could help on evaluate and make decision for management to maximize their source and funds effectively and efficiently.

#### **1.11 Research Methodology**

##### **1.5.1. Type of Research**

In accordance with purpose of this study, this research use qualitative research with case study method. Qualitative research is a study that intends to understand phenomenon of experience by research its object such as behaviour,

perception, motivation, action, etc. in a specific, natural context and utilizing various scientific methods (Moleong, 2012). Qualitative methods are used to obtain in-depth data, which is data that contains meaning for research (Sugiyono, 2010).

Bungin (2013) states that if we do a detail study of a person (individual) or a social unit within a certain period of time, then we are doing a case study. According to Sekaran (Sekaran, 2006) case studies include an in-depth and contextual analysis of similar situations in other organizations, where the nature and definition of problems that occur are similar to those experienced in the current situation. Case study will be conducted in order to get in-depth research in implementation of SAK EMKM at Home Industry XYZ as influence of SAK EMKM publication from DSAK IAI that legally effective per January 1, 2018.

#### **1.5.2. Research Object and Location**

The object of research is Home Industry XYZ located at Ilir Timur I, Kota Palembang, South Sumatera. This research will be conducted by preparing financial statements based on SAK EMKM by using one month period of transaction exist at Home Industry XYZ. With one month period, almost of transaction could be identified. Moreover, author will asks all transaction happened at Home Industry XYZ, then give the explanation about the recognition of the transaction to the manager and write the transaction at notes to the financial statements at financial statements of Home Industry XYZ. Beginning balances

will be done by recognize current assets, fixed assets, and liabilities at Home Industry XYZ.

### **1.5.3. Method of Collecting Data**

According to Sugiyono (Sugiyono, 2010) data collection techniques is the most important step in the study, because the main purpose of research is to obtain data. Data collection techniques used in this study are:

#### **a) Interviews**

Interviews is a collecting method conducted by direct communication with respondents (Soeratno and Lincoln, 2008). Interviews conducted by conducting question and answer directly to the parties concerned such as owner, manager and employees to obtain data and information needed to prepare financial statements based on SAK EMKM. Interviews will be done to find out about current implementation of accounting records at Home Industry XYZ and their obstacles and benefits obtain in applying SAK EMKM.

In this research, question lists will not give to respondents, researcher will read the questions to respondents and record or write the answers. In preparation of interview, researcher already makes questions which is attached on attachment page.

b) Observation

Observation is an activity in which researchers directly observe the behaviour and activities of individuals in object of research (Creswell, 2013). Observation is a collecting data with careful and systematically recording (Soeratno and Lincoln, 2008). In this research, observation will be conducted to clarify activities cycle in Home Industry XYZ to know the accounting cycle and to understand purchases, sales, and expenses recognition. Moreover, observation also conducts to verify answers in interviews. Afterwards, those data will be adapted to prepare financial statements for Home Industry XYZ based on SAK EMKM.

c) Documentation

Documentation is a record of events that have passed (Sugiyono, 2010). Documentation in this research conduct by looking for data about things or variables in the form of bills, financial records, policies, company profiles, and other data indeed.

d) Triangulation

Triangulation is defined as data collection techniques that combine from various technique of collecting data and data sources that already exist (Sugiyono, 2013). This research use triangulation techniques, data collection techniques use are observation, interview and documentation from the same object. Triangulation techniques are used to test the data performed by checking the data of the same source with different

techniques. Then, those data will be used to prepare financial statements of Home Industry XYZ based on SAK EMKM.

#### **1.5.4. Research Instrument**

In qualitative research the main instrument is the researcher herself, however after the focus of the research becomes clear, it will likely extend a simple research instrument, which is expected to complement data and compare with data that have been found through observation and interviews (Sugiyono, 2013). Thus, in this research, researcher as human instrument that determine focus of research, choosing informants as data resources, collecting data, data quality assessment, analyse it, interpreting and making conclusion of findings.

#### **1.5.5. Analysis Techniques**

Data analysis is the process of finding and arranging systematically data that has been obtained after doing research, then can be easily understood and informed to others (Sugiyono, 2010). In this study, researcher describe the actual state of object research to know and analyse whether accounting standards applied and applicable to prepare and disclose financial statements or not, and its obstacles and benefits.

Data analysis method used in this research consists of several stages, there are:

- a) Analyse how the condition of preparation of financial statements Home Industry XYZ used through interviews and observations with owners and documentation of transactions at Home Industry XYZ.
- b) Implementation of preparation financial statements of Home Industry XYZ based on SAK EMKM.
- c) Conduct analysis of obstacles and benefits obtained by Home Industry XYZ in implementation of financial statements based on SAK EMKM.

#### **1.12 Writing Systematics**

This script consists of five chapters, each chapters arranged systematically. Thus, illustrating relationship each chapters.

##### **CHAPTER I : INTRODUCTION**

This chapter explained background, problem formulation, purpose of study, research contribution, and writing systematics which is script writing framework as a whole.

##### **CHAPTER II : LITERATURE REVIEW**

This chapter explains about theories and references that relevant with the topic. Moreover, those will be used to support in writing process of this research.

##### **CHAPTER III : GENERAL OVERVIEW OF RESEARCH**

This chapter explains about general description of object of research such as nature of Home Industry XYZ, policies, and current condition of financial statements of Home Indusry XYZ



#### CHAPTER IV : RESULT AND DISCUSSION

This chapter explains about preparation of financial statements for Home Industry XYZ based on SAK EMKM, and their obstacles and benefit in preparing and disclose their financial statements based on SAK EMKM.

#### CHAPTER V : CONCLUSION AND SUGGESTIONS

This chapter conclude about this research, explains about suggestion for further research and also about preparation of SAK EMKM for SMEs, and describe about weaknessess of this research.

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