

## COMPANY READINESS IN APPLYING PRIVATE ENTITY FINANCIAL ACCOUNTING STANDARDS (SAK EP): A CASE STUDY OF REGIONAL OWNED ENTERPRISES (BUMD) IN YOGYAKARTA

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### ABSTRACT

*The internationalization of accounting standards is a demand for globalization so that entities become more competitive in the world market. In 2025, Indonesia through the Financial Accounting Standards Board (DSAK) will begin to adopt the Private Entity Financial Accounting Standards (SAK EP) replacing the Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP). This study aims to determine the level of readiness of Regional Owned Enterprises (BUMD) in implementing SAK EP seen from several indicators of issuance SAK EP, recording system, presentation of financial statements, differences in financial accounting standards for entities without public accountability (SAK ETAP) and private entities (SAK EP) and availability of adequate human resources (HR). This research is a qualitative research conducted by conducting structured interviews with BUMD. The results showed that BUMD did not know the plan to change SAK ETAP to SAK EP. In addition, in terms of available resources, BUMD is deemed to need time to adjust the knowledge that needs to be possessed in order to adopt SAK EP. This research is a preliminary study to determine the initial readiness for the application of SAK EP in Indonesia.*

**Keywords:** *Readiness, SAK EP, BUMD.*

### ABSTRAK

Internasionalisasi standar akuntansi merupakan tuntutan globalisasi agar entitas menjadi lebih kompetitif di pasar dunia. Pada tahun 2025, Indonesia melalui Dewan Standar Akuntansi Keuangan (DSAK) akan mulai mengadopsi Standar Akuntansi Keuangan Entitas Swasta (SAK EP) menggantikan Standar Akuntansi Keuangan Entitas Tanpa Akuntabilitas Publik (SAK ETAP). Penelitian ini bertujuan untuk mengetahui tingkat kesiapan Badan Usaha Milik Daerah (BUMD) dalam menerapkan SAK EP dilihat dari beberapa indikator penerbitan SAK EP, sistem pencatatan, penyajian laporan keuangan, perbedaan standar akuntansi keuangan entitas tanpa akuntabilitas publik (SAK ETAP) dan Badan Usaha Swasta (SAK EP) serta tersedianya Sumber Daya Manusia (SDM) yang memadai. Penelitian ini merupakan penelitian kualitatif yang dilakukan dengan melakukan wawancara terstruktur dengan BUMD. Hasil penelitian menunjukkan bahwa BUMD tidak mengetahui rencana perubahan SAK ETAP menjadi SAK EP. Selain itu, dari segi sumber daya yang tersedia, BUMD dinilai perlu waktu untuk menyesuaikan pengetahuan yang perlu dimiliki untuk mengadopsi SAK EP. Penelitian ini merupakan studi pendahuluan untuk mengetahui kesiapan awal penerapan SAK EP di Indonesia.

**Kata Kunci:** Kesiapan, SAK EP, BUMD.

### PENDAHULUAN

As part of the response to economic demands in developed and developing countries, in 2009, the International Accounting Standards Board (IASB) published the International Financial Reporting Standards for Small and Medium sized Entities (IFRS for SMEs). The purpose of the preparation of IFRS for SMEs is to simplify the rules that are intended for entities without public accountability or private entities or can also be applied to Micro, Small and Medium Enterprises (MSMEs). Bonito & Pais (2018) said that MSMEs represent more than 95% of companies in the world. In addition, his research states that until 2018, Indonesia was one of the countries that had not adopted IFRS for SMEs. This is due to several factors, namely low transaction costs, knowledge related to IFRS reporting which makes reports more complex, and supporting

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facilities from countries to immediately adopt these world standards. However, the plan is that Indonesia will only adopt IFRS for SMEs in its entirety in 2025 in the form of Private Entity Accounting Standards or SAK EP.

As with other accounting standards, accounting standards relating to entities without public accountability (ETAP) also change in accordance with the demands of the rules of the IASB. Research conducted by Francis et al (2008) found that the existence of microeconomics and macroeconomics is proven to influence the voluntary adoption of accounting standards. Financial Accounting Standards for Private Entity (SAK EP) is a standard that will replace the Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP). The previously applied SAK ETAP is intended for MSMEs and private entities in general. However, over time, the Financial Accounting Standards Board of the Indonesian Institute of Accountants (DSAK IAI) has compiled SAK specifically for MSMEs in the most concise standard form, namely SAK for Micro, Small and Medium Entities (SAK EMKM). This implies that in fact, until now Indonesia has not fully adopted IFRS for SMEs which is actually more complex than the previously applicable accounting standards for entities without the obligation to report to the public, namely SAK EMKM and SAK ETAP.

SAK EP is considered to have more rules than SAK ETAP and SAK EMKM because it is intended for companies that have wider accountability. This is reflected in the number of pages of SAK EP which is more than the number of pages of SAK ETAP. If we look back, there are still many SAK ETAP that have been implemented that have not been fully implemented. Previous research stated that the company was not ready to use SAK EMKM and SAK ETAP as the basis for accounting records (Sholikin & Setiawan, 2018).

This prompts the question: "*Are private entities in Indonesia ready to fully implement SAK EP or full version of IFRS for SMEs?*" This question can certainly be answered by making further observations of the prospective users of these accounting standards. In this study, the focus of research is on one of the potential entities that will implement SAK EP, namely Regional Owned Enterprises (BUMD). Regional-Owned Enterprises are part of government-owned enterprises which are managed autonomously by the regions. In terms of capability, BUMDs have better management capabilities than MSMEs in general. Therefore, this study aims to determine the level of readiness of BUMDs in implementing SAK EP seen from several indicators of Issuance of Financial Accounting Standards - Private Entity (SAK EP), recording system, presentation of financial statements, differences in financial accounting standards between entities without public accountability (ETAP) and private entities (EP) and availability of adequate human resources (HR).

## LITERATURE REVIEW

### Readiness

Readiness according to Slameto (2010) is the overall condition that makes him ready to respond or answer in a certain way to a situation. Readiness is also defined as sufficient ability both physically and mentally (Dalyono, 1997). Physical readiness can be interpreted as having sufficient energy and good health while mental readiness means having sufficient interest and motivation to carry out an activity. Based on this definition, it can be concluded that readiness is a physical condition possessed by an individual or entity that makes him/her ready to face certain situations both physically and mentally to achieve certain goals.

### Regional-Owned Enterprises (BUMD)

Regional-Owned Enterprises (BUMD) are businesses owned by Regional Governments, the main purpose of forming BUMD is as a source of regional revenue. According to the provisions of Article 3 in, BUMD is in the form of a regional company or in the form of a company. Undang-Undang Nomor 23 Tahun 2014 Tentang Pemerintah Daerah explains that Regional Owned Enterprises (BUMDs) are 1) Regional Public Companies are BUMDs whose entire capital is owned by one Region and is not divided into shares, and 2) Regional Government Companies are BUMDs in the form of a limited liability company which its capital is divided into shares which are wholly or at least 51% (fifty one percent) of the shares are owned by one Region.

### Accounting Standards for Private Entity (SAK EP)

Private Entity Financial Accounting Standards (SAK EP) is an accounting standard ratified on June 30, 2021 by the Indonesian Institute of Accountants (IAI). SAK EP is the adoption of IFRS for SMEs by considering the conditions that exist in Indonesia. SAK EP will be effective in 2025 and allowed to be applied earlier. Later, this SAK EP will replace the SAK for Entities Without Public Accountability.

SAK EP was prepared with the aim of meeting the financial reporting needs of private entities. What is meant by a private entity is an entity that does not have public accountability obligations and publishes financial reports for external users. However, entities with public accountability can also apply SAK EP if permitted by the relevant regulations.

In general, SAK EP is simpler than general SAK based on IFRS. SAK EP eliminates topics that are not relevant to private entities, such as earnings per share, interim financial statements and operating segments. Other simplifications also occur in accounting policy options, so that private entities follow a single accounting policy for certain transactions. The latter simplification concerns some recognition and measurement principles, less disclosure and simpler language.

#### **Previous research on IFRS for SMEs**

Since 2009 there have been significant developments in the accounting sector for private entities, namely the issuance of IFRS for SMEs (Nobes, 2010). Even so, the implementation of IFRS for SMEs is still a challenge for entities without public accountability in various countries (Perera & Chand, 2015; Damak-Ayadi et al., 2020). The purpose of the issuance of IFRS for SMEs is to simplify the use of accounting standards for private entities or entities without public accountability so as to reduce the high cost of issuing financial statements. Damak-Ayadi et al (2020) found that more than 70 countries have adopted IFRS for SMEs, and the rest have not adopted.

Several studies have tested the readiness to implement IFRS adoption in Indonesia, such as in terms of the socio-economic impact of IFRS adoption (Yapa & Joshi, 2011), professional perception of accountants (Joshi et al., 2016), to efforts to improve SME compliance with accounting standards (Yanto et al, 2017). Even so, there is no empirical study regarding the readiness of private entities in Indonesia to implement SAK EP or the full adoption of IFRS for SMEs in Indonesia. However, there are no empirical studies on the readiness of private entities in Indonesia to implement SAK EP or the full adoption of IFRS for SMEs in Indonesia

Companies that have competence in the fields of marketing, manufacturing and innovation can make it as a source to achieve competitive advantage (Daengs GS, et al. 2020:1419 ).

The research design is a plan to determine the resources and data that will be used to be processed in order to answer the research question. (Asep Iwa Soemantri, 2020:5).

Time management skills can facilitate the implementation of the work and plans outlined. (Rina Dewi, et al. 2020:14)

## **RESEARCH METHOD**

### **Data Collection**

This research is an evaluative research with a qualitative approach. According to Wirawan (2012), evaluative research is a research that aims to collect useful information about an object compared and assessed with certain indicators. Qualitative research was chosen because it was considered capable of better understanding the human condition from various contexts and situations (Bengtsson, 2016). This research was carried out in May 2022 until completion. This research was conducted in regionally owned enterprises (BUMD) of Yogyakarta. This research was conducted with in-depth interviews to determine the readiness of accountants in BUMD in implementing SAK EP. In addition, researchers also use documentation techniques, especially on BUMD financial records with the aim of knowing the readiness of the entity.

### **Sampling Method**

In this study, the population was all BUMDs under the provincial government of the Special Region of Yogyakarta, which amounted to 4 BUMDs. The sampling technique in this study is purposive sampling, i.e. the sample is taken with a certain misalignment and purpose (Sugiyono, 2010). Informants in this study were employees of the accounting department at BUMD. The sample selection in this study is based on criteria including the sample is not a company engaged in finance and banking. By considering the existing criteria, this study took a sample of BUMD XYZ.

### **Variable Measurement**

The instrument of this research is to use interviews and documentation. Interviews were conducted by asking questions to research respondents. The readiness of BUMD is assessed as ready and not ready based on the following indicators:

Table. 1 BUMD Readiness Indicators for the Implementation of SAK EP  
(Sholikin & Setiawan, 2018)

No	Indicator	Notes
1	Issuance of Financial SAK EP	If BUMD actors know about the issuance of SAK EP, they are considered ready to implement SAK EP. On the other hand, if the BUMD accountant is not aware of the issuance of SAK EP, it is considered not ready to implement SAK EP.
2	Recording system	The preparation of financial statements in SAK requires the use of the accrual basis. If the BUMD has applied the accrual basis to the company's financial records, it is considered ready to implement SAK EP. On the other hand, if the BUMD does not apply the accrual basis to the company's records, it is considered not ready to implement SAK EP.
3	Presentation of financial statements	In SAK EP requires entities to prepare statements of financial position, statements of comprehensive income, statements of changes in equity, statements of cash flows and notes to financial statements. If the BUMD has prepared a statement of financial position, comprehensive income statement, statement of changes in equity, cash flow statement and notes to financial statements, it is considered ready to implement SAK EP. On the other hand, if the BUMD has not been able to compile these reports, it is considered not ready to implement SAK EP.
4	Differences in SAK ETAP and SAK EP	There are several changes from SAK ETAP to SAK EP. SAK EP requires the use of fair value for investment properties and biological assets, the use of the concept of other comprehensive income, consolidated financial statements, business combinations and goodwill as well as more detailed arrangements for financial assets and liabilities as well as deferred tax. If the BUMD already knows the points of difference between SAK ETAP and SAK EP, it is considered ready to implement SAK EP.
5	Availability of adequate human resources (HR)	The availability of human resources here is the presence of human resources owned by private entities and understand the preparation of financial statements.

According to Sugiyono (2010), the data validity test includes the credibility test (internal validity), transferability test (external validity), dependability test (reliability), and confirmability test (objectivity). This study applies a credibility test in testing the validity of the data. The credibility test that will be carried out is a data triangulation technique. Data triangulation is defined as checking data from various sources in various ways and times. There are three kinds of triangulation, namely source triangulation, technical triangulation, and time triangulation.

This study chooses to apply source triangulation in testing the validity of the data and focuses on the company's readiness to implement Private Entity (EP) SAK. Source triangulation is to test the credibility of the data which will be done by checking the data that has been obtained from various sources. Source triangulation can be done in various ways, such as: comparing interview data with observations and comparing interview results with a document. Triangulation of sources will be carried out during the study, namely the results of interviews, observations, and findings in the form of company documents.

## RESULT AND DISCUSSION

We have now examined the readiness of BUMD to implement SAK EP or full version of IFRS for SMEs. Data analysis carried out in this study was to find answers to research questions. This case study uses a source triangulation technique, namely by comparing the results of interviews with findings in the form of financial records of BUMD XYZ in Yogyakarta which is a private entity.

**Scope and Data**

This case study focuses on a private entity, namely BUMD XYZ in Yogyakarta. BUMD XYZ is a regional-owned enterprise engaged in goods and services. BUMD XYZ was originally formed by merging several businesses into one in 1987. Currently BUMD XYZ has several business units, including trade, transportation, tourism, drinking water and property. BUMD XYZ managed to record a profit of up to Rp3.7 billion in 2020. This case study data was obtained from the results of an interview with Mr. Riski (head of the tax accounting section) accompanied by an analysis of the financial statement documents of BUMD XYZ.

**Findings**

The results of this study look at the readiness of BUMD XYZ in implementing SAK EP from the following aspects:



Image 1

The results of the analysis of the Readiness of BUMD XYZ in implementing SAK EP

a) Knowledge related to the issuance of SAK EP

Until now, BUMD XYZ is still implementing SAK ETAP. Until the interview was conducted, BUMD XYZ did not know about information regarding the implementation of SAK EP on January 1, 2025. This can be seen from the statement of Mr. Riski, head of the tax accounting section of BUMD XYZ, as follows:

“...actually we don't know, Ms.”

In addition, BUMD XYZ also admitted that he had not received any socialization regarding the change of SAK ETAP to SAK EP either from professional organizations or from other parties. This can be seen from Mr. Riski's statement as follows:

“...haven't heard, we haven't heard, Ms”.

b) Knowledge of recording system in SAK EP

The recording system required by SAK EP is accrual based. Even though they have not implemented SAK EP, the recording system carried out at BUMD XYZ is already accrual-based. As additional information, apart from using the accrual basis, the recording of financial transactions in BUMD XYZ has also been computerized using accounting software.

c) Knowledge of presentation of Financial Statements

The presentation of financial statements recommended by SAK EP is as follows: statement of financial position, statement of comprehensive and income statement, statement of changes in equity, statement of cash flows, and notes to financial statements. The financial reports that have been made at BUMD XYZ are balance sheets, income statements, reports of changes in capital and cash flow statements. This can be seen in the following statement:

*"... profit and loss statement, balance sheet, changes in capital and cash flow".*

Until now BUMD XYZ has not prepared a comprehensive income statement for several reasons, including BUMD is a business unit that does not have subsidiary transactions. As explained by Mr. Riski in the following statement:

*"...If there is no subsidiary, sis, we are a business unit."*

However, based on the results of the interview, there is a revaluation transaction for fixed assets in BUMD XYZ, so there is a need for compiling comprehensive income but it has not been implemented because it still refers to SAK ETAP.

d) Knowledge of the differences between SAK EP and SAK ETAP

There are several additional matters regulated in SAK EP compared to SAK ETAP, such as: SAK EP requires the use of fair values for investment properties and biological assets, the use of other comprehensive income concepts, consolidated financial statements, business combinations and goodwill. Based on the results of the interview, BUMD XYZ does not know what things are added from SAK ETAP to SAK EP. This can be seen in Mr. Riski's statement as follows:

*"...not yet sis".*

e) Availability of adequate human resources (HR)

Another thing that can be seen from the readiness of BUMD XYZ to implement SAK EP is in terms of human resources. Mr. Riski as the head of the accounting and tax section admitted that he did not know about the information regarding the change in SAK ETAP to SAK EP, even so the researcher admitted that he agreed to adopt SAK EP if it could better describe the state of the company's performance. The following is the statement of the head of the accounting and tax section of BUMD XYZ:

*"I agree if these changes are able to describe the actual state of the company. Just support it, we'll just have to try to apply it here, for example, if it's affected, such as other comprehensive income."*

From the statement above, it can be seen that the human resources of BUMD XYZ have the enthusiasm to learn new things. In addition, BUMD XYZ is also willing to study changes in accounting standards independently, as shown in the following statement:

*"What's certain is that we learn first, what part are the changes, then we'll see what we've done so far, is there any difference, then if there's any change, we have to see what it's like, if it's required it must be in accordance with the SAK EP, right? we make adjustments as possible, with us studying first. Like that, sis, maybe, step by step."*

## CONCLUSION, LIMITATION, AND FUTURE RESEARCH

This study tries to determine the readiness of BUMD XYZ in implementing SAK EP. This study tries to see the readiness of BUMD XYZ in implementing SAK EP from five aspects, namely knowledge of the issuance of SAK EP, the recording system implemented, presentation of financial statements, knowledge of the differences between SAK EP and SAK ETAP and the availability of human resources. Based on the results of the interview, it can be seen that BUMD is not aware of the change from SAK ETAP to SAK EP. BUMD also does not know the differences in the presentation of financial statements and the differences between SAK ETAP and SAK EP. Based on this, it can be concluded that BUMD is not ready to implement SAK EP.

The factor that hinders the readiness of BUMDs in implementing SAK EP is the absence of socialization from professional organizations to BUMDs regarding this matter. However, BUMD already has human resources that support the implementation of SAK EP in the future, such as accounting staff with linear educational backgrounds, enthusiasm for learning new things, and encouragement from creditors. The weakness of this research is that it is still limited to case studies in one BUMD. It is hoped that future research can expand the scope of research related to the company's readiness to implement SAK EP.

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