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Financial Statement Analysis and Accounting Application for Jelita Laundry in East Karawang (June 2026 Period)

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Abstract

The growth of the laundry business in Karawang City shows a significant increase every year, which leads to very tight competition among Micro, Small, and Medium Enterprises. In the context of these developments, effective financial management is the most important factor for business sustainability. The purpose of this study is to find out how the application of accounting in the Laundry Jelita business in East Karawang is an accordance with the basic concept of accounting. This research uses a qualitative method, and the object is the owner of the Jelita Laundry business. This study uses primary data and secondary data. Primary data was obtained from interviews and structured list of questions, while secondary data was obtained from literature review books, journals, theses, and data analysis using descriptive methods. Weaknesses in supervision result in the risk of miscalculation and inefficiencies in operational costs. As a solution, this study recommends the development of the application of simple computer-based accounting to reduce errors, improve internal control of cash, and produce accurate and timely financial statements to support more strategic decision-making.

Keywords Accounting Application, Financial Statements, Laundry Business, SAK EMKM

INTRODUCTION

The rapid development of economic activities and increasing competition in the labor market have encouraged many people to establish small businesses as alternative sources of income. Micro, Small, and Medium Enterprises (MSMEs) play an important role in this process because they provide employment, generate household income, and contribute to local economic activities. However, the sustainability of MSMEs is influenced not only by the availability of capital and the ability to attract customers but also by the capacity of business owners to manage financial resources effectively. One of the fundamental aspects of business management is accounting, particularly the systematic recording, measurement, and reporting of financial transactions. Reliable accounting information enables business owners to understand their financial position, evaluate business performance, control expenditures, and make more rational economic decisions.

The importance of financial management becomes increasingly evident in service-based MSMEs, including laundry businesses. Laundry services have developed alongside urbanization, changing lifestyles, and the increasing demand for time-efficient household services. At the global level, the laundry services market continues to demonstrate considerable growth. Grand View Research estimates that the global laundry services market generated approximately USD 25.26 billion in revenue in 2022 and is projected to reach USD 42.43 billion by 2030, representing a compound annual growth rate (CAGR) of approximately 6.7% during 2023–2030. More recent market research also indicates continued expansion in dry-cleaning and laundry services, with the global market projected to grow from approximately USD 76 billion in 2024 to USD 105.7 billion in 2030. These developments indicate that laundry services are no longer merely household-scale activities but have increasingly become competitive service businesses requiring effective operational and financial management.

In Indonesia, the development of MSMEs also creates a strong need for accessible financial reporting practices. Nevertheless, many MSMEs still maintain financial records in a simple form, such as recording cash receipts and expenditures without preparing comprehensive financial statements. Previous research has demonstrated that MSME financial records are frequently limited to cash transactions and that business and personal finances are sometimes not separated properly. Such practices may make it difficult for owners to determine actual business profitability, identify assets and liabilities, evaluate operational efficiency, and assess the financial capacity of the enterprise. In addition, the absence of adequate financial information may constrain MSMEs when seeking external financing or evaluating opportunities for business expansion.

To address these conditions, the Indonesian Institute of Accountants (Ikatan Akuntan Indonesia/IAI) introduced the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM). The standard provides a simplified accounting framework intended to facilitate the preparation of financial statements by entities that meet the characteristics of micro, small, and medium enterprises. Under SAK EMKM, a complete set of financial statements consists of a statement of financial position, an income statement, and notes to the financial statements. The implementation of this standard is important because standardized financial statements can provide more reliable information regarding an entity's financial position and performance. Empirical studies have also shown that the application of SAK EMKM can improve the quality, transparency, and usefulness of MSME financial reporting.

Despite the availability of SAK EMKM, its implementation among MSMEs remains challenging. Research in Makassar, for example, found that many MSMEs had not implemented SAK EMKM because business owners had limited knowledge of financial reporting and accounting information systems. Similarly, research in Semarang found that accounting understanding, human-resource competence, SAK socialization, and business size were among the factors associated with the implementation of SAK EMKM. Recent evidence from 2026 further suggests that accounting comprehension, SAK EMKM socialization, and information technology remain important factors in improving MSME financial statement quality through SAK EMKM implementation. These findings demonstrate that the existence of an accounting standard does not automatically guarantee its practical adoption at the business level.

This condition is particularly relevant to Jelita Laundry, a laundry service business located in East Karawang. As a micro-scale service enterprise, Jelita Laundry conducts numerous transactions related to service revenues, detergents and other supplies, electricity and water, equipment, employee-related expenditures, and other operating costs. However, its financial recording has primarily relied on simple manual bookkeeping. Such a system may create risks of calculation errors, loss of transaction records, incomplete documentation, and difficulty in distinguishing business transactions from the owner's personal financial activities. More importantly, simple cash-based records may not adequately portray the actual financial performance and financial position of the business. Consequently, an analysis based on accounting principles and SAK EMKM is necessary to determine whether the existing records are sufficient for managerial and reporting purposes.

This study is also motivated by four research gaps. First, a theoretical gap exists between the availability of a simplified accounting standard and the practical ability of micro-business owners to implement it. Although SAK EMKM was designed to be more accessible to MSMEs, previous studies continue to report limitations in accounting knowledge and implementation. Second, a result gap remains because previous studies do not always produce identical conclusions regarding the practical consequences of formal accounting implementation. While some studies demonstrate that SAK EMKM improves financial reporting quality and business evaluation, other evidence indicates that many MSMEs continue to rely on simple bookkeeping practices because owners perceive formal financial reporting as less immediately useful for daily operations. Third, a contextual gap exists because much of the literature examines MSMEs in general or focuses on trading and other business sectors, whereas laundry enterprises have distinctive operational characteristics, including frequent daily transactions, service-based revenues, consumption of utilities and cleaning materials, and the need to monitor equipment and operating costs. Fourth, a technological gap can be identified in the continuing use of manual bookkeeping despite the growing availability of digital accounting and information technologies. Recent research confirms that information technology can contribute to improving the quality of MSME financial reporting when accompanied by appropriate implementation of SAK EMKM.

Therefore, this study aims to analyze the financial statements and accounting practices of Jelita Laundry in East Karawang during the June 2026 period and evaluate their conformity with basic accounting principles and SAK EMKM. The study is expected to provide a practical description of the financial condition of the business while identifying weaknesses in its existing accounting practices. Furthermore, the findings may serve as a basis for improving financial recording, separating business and personal transactions, evaluating profitability and financial position, and developing a more systematic accounting system. At the academic level, this study contributes to the literature by providing a case-based examination of SAK EMKM implementation in a micro-scale laundry service enterprise, thereby connecting accounting standards with the practical financial management needs of local service-sector MSMEs.

METHODS

This study employed a qualitative research design with a descriptive-analytical approach and a case study method to obtain an in-depth understanding of accounting practices at Jelita Laundry during the June 2026 reporting period. A qualitative approach was appropriate because the study focused on examining actual accounting processes, including how transactions were generated, recorded, classified, and used in daily business operations, rather than testing statistical hypotheses. The descriptive-analytical approach was used to compare the accounting practices identified in the field with basic accounting principles and the requirements of the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM). The case study method was selected because the research examined a single business entity within its real-life operational context (Yin, 2018).

The research was conducted at Jelita Laundry, Jl. Dewi Sartika No. 80, Telukjambe, East Karawang District, Karawang, Indonesia. The main unit of analysis was the business's accounting and financial information system, particularly the revenue cycle, cash receipts, operating expenses, assets, liabilities, equity, and financial reporting practices. Primary data were collected through interviews, direct observation, and document analysis. The owner served as the key informant because of direct involvement in business operations and financial management. Observations focused on customer orders, transaction recording, cash collection, expenditure recording, document storage, and the separation of business and personal funds. Documentary evidence included transaction receipts, daily cash records, expenditure records, and other available financial documents. Secondary data were obtained from accounting literature, relevant research articles, and official SAK EMKM guidance issued by the Indonesian Institute of Accountants (IAI).

Data were analyzed using the interactive model of Miles, Huberman, and Saldaña (2019), consisting of data reduction, data display, and conclusion drawing and verification. Relevant information was categorized according to revenues, expenses, assets, liabilities, equity, and accounting procedures. The reconstructed financial information was then compared with SAK EMKM requirements, particularly the statement of financial position, income statement, and notes to the financial statements. Data credibility was strengthened through source triangulation by comparing interview findings, observations, and documentary evidence. This procedure enabled the study to identify accounting weaknesses and formulate appropriate improvements for more systematic and reliable financial reporting.

FINDINGS AND DISCUSSION

Analysis of Current Accounting Information Systems

Based on the results of field observations and interviews with the owner of Jelita Laundry, the accounting information system currently implemented remains entirely manual. Daily transactions are primarily documented through physical sales receipts, a manual receipt book, and a daily cash-recording book. Although this procedure enables the business to maintain basic transaction evidence, it has not yet developed into an integrated accounting information system capable of systematically processing transaction data into reliable and timely financial information. The findings indicate that the existing system is sufficient for recording routine operational activities at a basic level but remains limited in terms of accuracy, internal control, information integration, and financial reporting. This condition is consistent with previous studies showing that many MSMEs still rely on simple bookkeeping because of limited accounting knowledge, human resources, and technological capabilities.

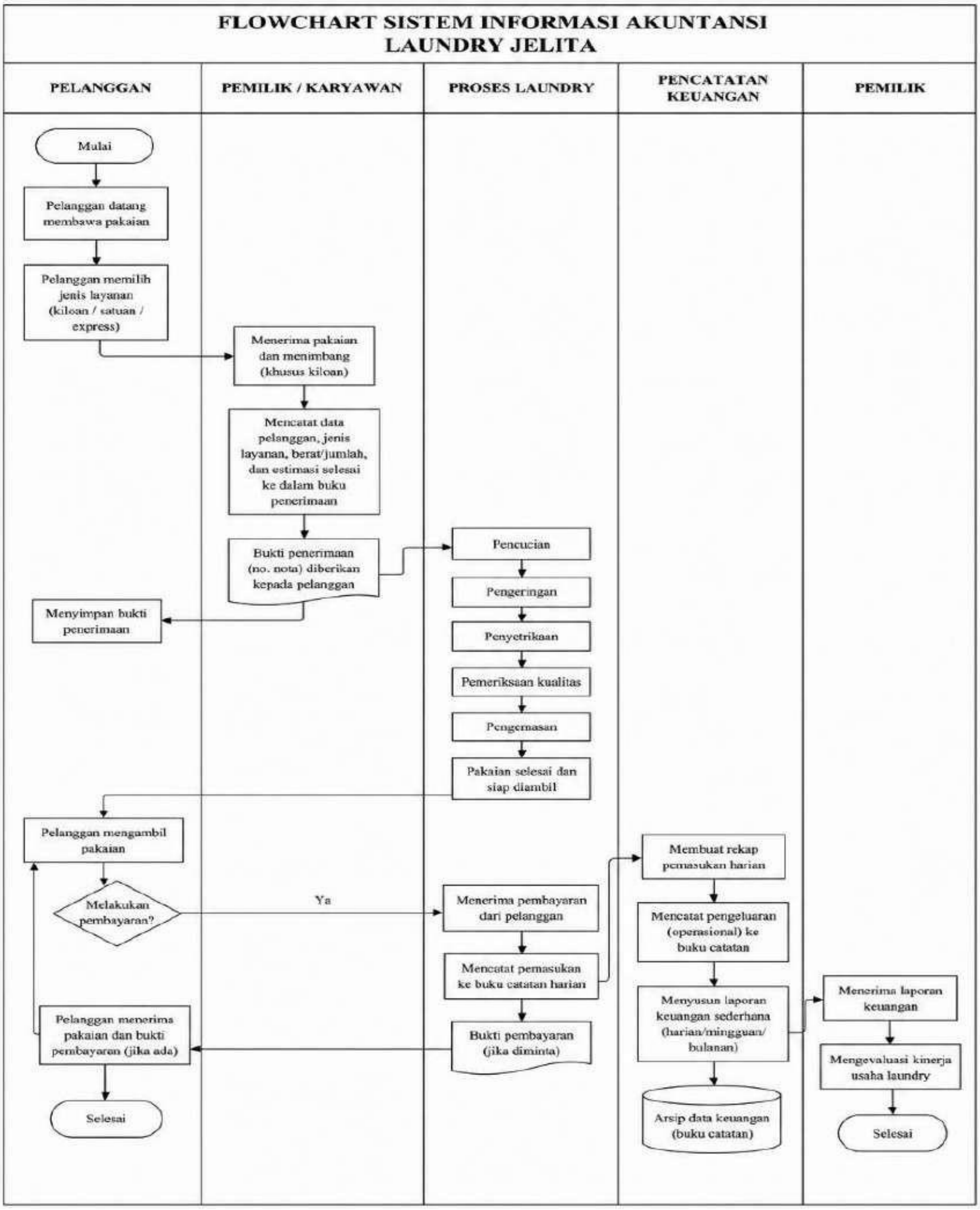

Figure 1: Flowchart of Current Transaction Recording

The transaction process at Jelita Laundry begins when customers bring their clothes and select a service, such as kilogram-based, unit-based, or express laundry. The owner or employee receives and weighs the clothes when necessary, then records the customer's name, quantity or weight, service type, and estimated completion date. A physical receipt is prepared in two copies: one is given to the customer and used for collection, while the other is retained as an internal record. This practice represents a basic control because it provides documentary evidence of transactions. However, the receipt information is not automatically transferred into a centralized accounting system. Consequently, the business remains dependent on manual recording and recapitulation, creating risks of lost documents, recording errors, omitted transactions, and inaccurate financial information.

After registration, the clothes proceed through washing, drying, ironing, quality checking, packaging, and storage until collection. Although these activities are operational rather than accounting activities, they generate information relevant to revenue and cost recognition. Service quantity, weight, and type form the basis for revenue verification, while electricity, water, detergent, packaging, and other resources contribute to operating expenses. When customers collect their laundry, employees verify the receipt, release the clothes, receive payment, and record the transaction in the daily cash book. The findings indicate a weakness in segregation of duties because employees involved in laundry operations may also receive and record cash. This arrangement increases the risk of errors or manipulation because authorization, custody, and recording are not sufficiently separated. However, this control weakness does not necessarily indicate that fraud has occurred.

Another important finding is the absence of systematic reconciliation between physical laundry transactions and cash receipts. The business records total daily cash collections but does not routinely compare them with the number or weight of laundry orders processed and the applicable service rates. Such reconciliation could identify omitted transactions, incorrect amounts, undocumented discounts, or discrepancies between operational activity and recorded revenue. According to Romney and Steinbart (2018), an accounting information system should collect, record, process, and provide reliable information to support decision-making and control. At Jelita Laundry, manual processing limits the accuracy, completeness, and timeliness of financial information.

The manual system also delays financial reporting and makes it difficult for the owner to assess actual revenue, expenses, profit, and cash position. This problem is compounded by the lack of separation between business and personal funds, which complicates the identification of business capital and owner withdrawals. Under SAK EMKM, financial reporting should present assets, liabilities, equity, income, expenses, and related information through a statement of financial position, income statement, and notes to the financial statements (Ikatan Akuntan Indonesia, 2016).

Recording of Actual Income and Expenses

The results of the field study indicate that the financial recording system implemented by Jelita Laundry is still relatively simple and predominantly based on manual bookkeeping. Daily transactions are recorded in a physical cash book, while transaction classification is primarily based on cash inflows and outflows rather than on a systematic classification of accounts. This condition allows the owner to monitor daily cash movements but limits the availability of more comprehensive financial information for evaluating profitability, assets, liabilities, operating costs, and business performance. In the context of micro, small, and medium enterprises (MSMEs), simple bookkeeping is common; however, the absence of systematic classification may reduce the reliability and usefulness of financial information for managerial decision-making. Financial statements should provide information about an entity’s financial position and performance that is useful for economic decision-making, including information concerning assets, liabilities, equity, income, and expenses (Ikatan Akuntan Indonesia [IAI], 2016).

The monthly revenue data show that Jelita Laundry generated reported service revenue of Rp15,752,000 from 750 customers during the observation period. The largest contribution came from the two-day wash-and-iron service, which accounted for approximately 35% of total service revenue. This was followed by the three-day wash-and-iron service, two-day ironing-only service, three-day ironing-only service, and 24-hour express service. The distribution demonstrates that regular laundry services constitute the primary source of revenue, while express services function as an additional revenue stream. From a managerial perspective, this information is important because revenue analysis by service category can help the owner identify which services contribute most significantly to business income and determine appropriate pricing, capacity allocation, and promotional strategies.

Table 1. Monthly Laundry Service Revenue of Jelita Laundry

No.	Service Type	Service Duration	Rate	Percentage	Number of Customers	Total Revenue (Rp)
1	Wash and Iron	2 days	10,000/kg	35%	263	5,512,000
	Wash and Iron	3 days	8,500/kg	25%	187	3,937,500
2	Ironing Only	2 days	7,000/kg	15%	112	2,362,500
	Ironing Only	3 days	6,500/kg	10%	75	2,365,500
3	Express	24 hours	15,000/kg	15%	113	1,575,000

Total				**100%**	**750**	**15,752,000**

The expenditure structure demonstrates that the business incurs Rp4,970,000 in monthly operating expenses. Employee salaries represent the largest expense at Rp2,600,000, followed by rent of Rp1,250,000. Other expenditures consist of detergent, fragrance, electricity, water, packaging plastic, and LPG. These costs are directly associated with the operational activities of the laundry business. Nevertheless, the field findings indicate that variable operating costs are recorded in aggregate without systematic monitoring of consumption and remaining supplies. Consequently, the owner has limited information regarding the actual cost per kilogram of laundry processed. Effective cost classification is important because accurate cost information enables business owners to evaluate operating efficiency and determine whether service prices are adequate to cover the resources consumed.

Table 2. Monthly Operating Expenditure Structure

No.	Type of Expenditure	Monthly Expense (Rp)
1	Premises Rent	1,250,000
2	Employee Salaries (2 employees)	2,600,000
3	Detergent	97,000
4	Fragrance	160,000
5	Electricity	400,000
6	Water	370,000
7	Packaging Plastic	49,000
8	LPG Gas (2 × 3 kg cylinders)	44,000
Total		**4,970,000**

Based on the reported revenue and expenditure data, the monthly operating surplus is Rp10,782,000, calculated from Rp15,752,000 of reported service revenue less Rp4,970,000 of operating expenditure. The figure indicates that the business generates positive operating cash flow during the observed period. However, this amount should be interpreted carefully because the calculation is based on recorded cash receipts and payments and does not necessarily represent accounting profit under a complete accrual-based financial reporting system. SAK EMKM requires financial statements to be prepared using the accrual basis, meaning that income and expenses are recognized when they meet the relevant recognition criteria rather than merely when cash is received or paid (IAI, 2016). Therefore, the reported cash surplus provides useful information about liquidity but should not automatically be treated as the final accounting profit without further adjustments.

The existing balance sheet further illustrates the limitations of the current accounting system. The report records cash of Rp90,782,000 as the only current asset, with no business liabilities, while owner's capital is reported at Rp80,000,000 and current net income at Rp10,782,000. Consequently, total assets and total equity are both reported at Rp90,782,000. Although the accounting equation is mathematically balanced, the presentation does not yet provide a comprehensive representation of the economic resources controlled by the business. In particular, laundry equipment such as washing machines, dryers, irons, and weighing scales should be identified and assessed when they meet the recognition criteria for assets. SAK EMKM defines an asset as a resource controlled by an entity from which future economic benefits are expected to flow to the entity and requires assets to be recognized when their benefits are sufficiently probable and their costs can be measured reliably (IAI, 2016). Thus, presenting only cash may substantially understate the actual asset structure of Jelita Laundry.

Table 3. Existing Balance Sheet of Jelita Laundry

Assets	Amount (Rp)	Liabilities and Equity	Amount (Rp)
Current Assets		Liabilities	
Cash	90,782,000	Trade Payables	0
Total Current Assets	90,782,000	Total Liabilities	0
		Equity	
		Owner's Capital	80,000,000
		Current Net Income	10,782,000
		Total Equity	90,782,000
TOTAL ASSETS	90,782,000	TOTAL LIABILITIES AND EQUITY	90,782,000

The cash flow report provides another perspective on the financial condition of Jelita Laundry. Operating cash inflows amounted to Rp15,752,000, consisting of receipts from wash-and-iron, ironing-only, and express services. Operating cash outflows totaled Rp4,970,000, producing net operating cash flow of Rp10,782,000. In addition, the business received Rp80,000,000 in initial owner's capital. Consequently, the reported ending cash balance reached Rp90,782,000. The positive operating cash flow indicates that the business was able to generate sufficient cash from its principal operating activities to cover its monthly operating expenditures.

Table 4. Existing Cash Flow Statement of Jelita Laundry

Financial Activity	Amount (Rp)
Cash Flows from Operating Activities	
Cash receipts from wash-and-iron services	9,449,500
Cash receipts from ironing-only services	4,728,000
Cash receipts from express services	1,575,000

Total Operating Cash Inflows	15,752,000
Rent payments	(1,250,000)
Employee salary payments	(2,600,000)
Detergent and fragrance purchases	(257,000)
Packaging plastic and LPG purchases	(93,000)
Electricity and water payments	(770,000)
Total Operating Cash Outflows	(4,970,000)
Net Cash Flow from Operating Activities	10,782,000
Cash Flows from Financing Activities	
Initial owner's capital contribution	80,000,000
Net Cash Flow from Financing Activities	80,000,000
Net Increase in Cash During the Period	90,782,000
Ending Cash Balance	90,782,000

Despite the positive liquidity position, the findings demonstrate that the existing reporting system has several important weaknesses. First, the accounting records are predominantly cash-based and manual. Physical receipts and daily cash books serve as the principal evidence of transactions. Although this procedure provides a basic audit trail, it creates risks of lost documents, calculation errors, delayed recapitulation, and inconsistent classification. Second, there is insufficient segregation of duties because employees involved in operational activities may also participate in receiving customer payments and recording transactions. From an internal control perspective, the concentration of transaction processing and cash handling in the same operational function increases the possibility of errors or unauthorized manipulation.

Third, the business does not yet perform systematic reconciliation between the physical volume of laundry services and cash receipts. For example, the number of kilograms processed, the corresponding service type, the amount charged, and the amount received should ideally be reconciled at the end of each business day. Without such reconciliation, discrepancies between actual laundry transactions and recorded revenue may remain undetected. This weakness is particularly important because the accounting system relies heavily on manual documentation. A simple control mechanism involving sequential transaction numbers, duplicate receipts, daily cash reconciliation, and owner verification would substantially strengthen the reliability of the records.

Another important finding concerns the separation between business and personal finances. SAK EMKM explicitly emphasizes the business entity concept, requiring business transactions to be clearly separated from transactions belonging to the owner or other entities. The standard explains that business assets, liabilities, income, and expenses should be distinguished from the owner's personal transactions (IAI, 2016). Therefore, if Jelita Laundry still combines personal and business cash, this practice should be eliminated. Separate business bank or cash accounts, clearly documented owner's withdrawals, and systematic recording of additional capital would improve the reliability of the financial statements.

The findings are also consistent with the broader problem faced by MSMEs in implementing standardized accounting. Previous research has shown that limited accounting knowledge, simple bookkeeping practices, and inadequate use of technology remain barriers to the preparation of standardized financial statements among MSMEs. Dunakhir (2023), for example, reported that many MSMEs continued to rely on simple financial records because of limited understanding of SAK EMKM. More recent research has also indicated that accounting technology and internal control are important factors associated with financial reporting quality among MSMEs (Siringoringo & Karsam, 2025). These findings reinforce the observation that the problem at Jelita Laundry is not merely the absence of a financial report but the weakness of the information system supporting the report.

From the perspective of SAK EMKM, the existing reports therefore represent an important initial step but do not yet constitute a complete set of standardized financial statements. SAK EMKM requires, at minimum, a statement of financial position at the end of the reporting period, an income statement for the period, and notes to the financial statements containing relevant additional information. The standard also applies the business entity concept and an accrual basis of accounting. The existing balance sheet and cash flow report can be used as source information for developing more appropriate financial statements, but additional accounts and supporting documentation are needed.

Accordingly, the most appropriate improvement for Jelita Laundry is not necessarily the adoption of a complex accounting system but the gradual implementation of a simple computerized accounting information system. The system should record each transaction using a unique transaction number, customer details, service type, laundry weight, tariff, amount received, operating costs, and payment status. Daily transactions can then be automatically summarized into revenue, expense, cash, inventory or supplies, equipment, liabilities, and equity accounts. This approach would reduce repetitive manual calculations and facilitate the preparation of timely financial reports. The use of digital accounting should also be accompanied by internal control procedures, including daily cash reconciliation, sequential receipt numbers, periodic physical inventory checks, separation of personal and business funds, and owner review of monthly financial statements.

Analysis of Phenomena and Field Findings

The field findings indicate that the operational and financial management practices of Jelita Laundry still contain several control gaps that may affect service quality, customer trust, and the reliability of financial information. Although the business serves approximately 750 customers per month and has established a relatively straightforward laundry service process, several operational activities remain highly dependent on manual input and employee accuracy. One of the most significant weaknesses concerns the recording and identification of customers' laundry items. Errors in entering transaction information may result in clothes being misplaced, exchanged, or lost. In addition, the absence of systematic separation of clothes based on color and material increases the possibility of color transfer, fabric damage, or inappropriate treatment of specific types of clothing. These operational risks are not merely technical problems because they can directly generate customer complaints and potentially reduce customer satisfaction and loyalty.

From the perspective of internal control, these findings demonstrate the importance of establishing procedures that clearly separate transaction recording, laundry processing, quality control, and customer delivery. Romney and Steinbart (2018) explain that an effective accounting information system should support accurate transaction processing, adequate documentation, and internal controls that protect organizational assets and improve the reliability of information. In the context of Jelita Laundry, a simple control mechanism could include unique transaction numbers, detailed customer and laundry-item descriptions, color and material identification, and verification before clothes are packaged and returned to customers. The implementation of these procedures would reduce dependence on individual employee memory and minimize the possibility of operational errors.

The findings also reveal a significant gap between actual accounting practices and the requirements of standardized financial reporting. Jelita Laundry has not yet systematically recognized or depreciated its tangible fixed assets, including washing machines, dryers, and digital weighing scales. As a result, the existing financial reports tend to emphasize cash and cash movements while providing limited information about the economic resources used in operating the business. Under SAK EMKM, financial reporting should reflect the entity's financial position and performance through appropriate recognition, measurement, presentation, and disclosure of assets, liabilities, equity, income, and expenses (Ikatan Akuntan

Indonesia [IAI], 2016). Fixed assets that meet the recognition criteria should therefore be recorded appropriately and depreciated systematically over their useful lives.

The absence of depreciation also has implications for the measurement of business performance. If the use and decline in economic benefits of laundry equipment are not recognized as expenses, the reported operating surplus may be overstated. Consequently, the difference between cash surplus and accounting profit needs to be clearly understood. The existing single-entry approach, which primarily records cash receipts and payments, is useful for monitoring liquidity but is insufficient for producing comprehensive financial statements. This finding is consistent with previous studies showing that limited accounting knowledge and simple bookkeeping practices remain major obstacles to SAK EMKM implementation among MSMEs (Dunakhir, 2023). The adoption of a more structured accounting system would therefore improve the quality and usefulness of financial information for managerial decision-making.

Another important finding concerns the liability structure of Jelita Laundry. During the observation period, the business reported liabilities of Rp0 because operational requirements and utilities were generally settled through cash payments or advance payments rather than credit purchases. This condition indicates that the business has a low dependence on external financing and does not currently face significant trade-payable obligations. However, the absence of liabilities should not be interpreted as evidence that the business has no financial obligations in the future. Under SAK EMKM, liabilities must be recognized when the entity has a present obligation arising from past events and settlement is expected to result in an outflow of resources embodying economic benefits (IAI, 2016).

Recommended Statement of Financial Position (Balance Sheet)

The recommended statement of financial position provides a more representative description of Jelita Laundry’s financial condition by incorporating actual business assets, liabilities, and equity rather than relying solely on cash-based records. The statement reports total assets of Rp49,650,000, consisting of current assets and fixed assets. Current assets include cash and cash equivalents of Rp8,500,000, supplies of Rp1,150,000, and prepaid rent of Rp15,000,000. Meanwhile, fixed assets consist of laundry equipment and machinery valued at Rp25,000,000, less accumulated depreciation of Rp1,350,000. This classification is consistent with SAK EMKM, which requires relevant assets, liabilities, and equity to be presented in the statement of financial position.

The recognition of laundry equipment represents an important improvement over the existing accounting practice because washing machines and other operational equipment generate economic benefits through their use in daily business activities. Under SAK EMKM, fixed assets are initially measured at historical cost and subsequently presented at acquisition cost less accumulated depreciation. Depreciation expense should be recognized in the income statement, and SAK EMKM permits the straight-line or declining-balance method without considering residual value. Therefore, the accumulated depreciation of Rp1,350,000 in the recommended statement reflects an accounting adjustment necessary to present the carrying value of the equipment more appropriately.

On the liabilities side, the recommended statement recognizes trade payables of Rp1,200,000. This differs from the previous cash-based statement, which reported no liabilities. The recognition of a payable demonstrates the importance of applying accrual accounting because obligations should be recognized when the entity has a present obligation that can be measured reliably. The resulting equity of Rp48,450,000 comprises the owner's capital and retained earnings. Overall, the recommended statement offers a more complete and informative representation of Jelita Laundry's financial position and provides a stronger basis for managerial decision-making and compliance with SAK EMKM.

Table 5. Recommended Statement of Financial Position (Based on SAK EMKM)

Assets	Amount (Rp)	Liabilities & Equity	Amount (Rp)
Current Assets:		Current Liabilities:	
Cash and Cash Equivalents	8,500,000	Trade Payables	1,200,000
Supplies (Detergent/Plastic)	1,150,000	Total Liabilities	1,200,000
Prepaid Rent	15,000,000	Equity:	
Fixed Assets:		Owner’s Capital (Octavia M.)	47,100,000
Laundry Equipment and Machinery	25,000,000	Retained Earnings	1,350,000
Accumulated Depreciation of Equipment	(1,350,000)	Total Equity	48,450,000
TOTAL ASSETS	49,650,000	TOTAL LIABILITIES & EQUITY	49,650,000

Discussion of Accounting Evaluation Results

The evaluation of Jelita Laundry’s accounting practices reveals a significant gap between actual financial management and the accounting principles required to present reliable business information. One of the most important findings concerns the application of the business entity concept. In practice, the owner frequently withdraws cash directly from the business cash drawer for personal consumption without recording the withdrawals as owner's drawings (*prive*). This practice causes business and personal transactions to become mixed and consequently affects the reliability of the reported financial results. Under SAK EMKM, the business entity concept requires the economic activities of the business to be separated from those of the owner. Business transactions should therefore be recorded independently so that the financial statements represent the condition and performance of the business itself (Ikatan Akuntan Indonesia, 2016).

The absence of *prive* recognition has an important effect on the interpretation of Jelita Laundry's profitability. When cash withdrawals for personal purposes are treated simply as reductions in available business cash or are not recorded at all, the resulting income statement may fail to distinguish operating expenses from distributions to the owner. Consequently, reported profit may not accurately represent the economic performance generated by laundry operations. Proper recognition of *prive* would improve the classification of transactions and allow the owner to distinguish between business performance and personal consumption. This distinction is particularly important for small businesses because financial information is frequently used directly by owners to evaluate performance, determine the ability to finance operations, and make expansion decisions. Previous research has also shown that limited accounting knowledge and the continued use of simple bookkeeping practices are among the factors contributing to difficulties in implementing SAK EMKM among MSMEs (Dunakhir, 2023).

The recommended statement of financial position in Table IV.5 demonstrates a substantial improvement because it identifies the economic resources controlled by the business, including laundry equipment, current assets, liabilities, and equity. The recognition of laundry machinery with an acquisition value of Rp25,000,000 provides a more realistic representation of the resources used to generate laundry revenue. Under SAK EMKM, assets are recognized when future economic benefits are probable and their cost can be measured reliably. Fixed assets are initially measured at historical cost and subsequently presented after depreciation. Therefore, the recognition of accumulated depreciation of Rp1,350,000 is necessary to prevent the carrying amount of laundry equipment from being overstated (Ikatan Akuntan Indonesia, 2016).

The depreciation adjustment also has implications for the measurement of business profitability. Depreciation represents the systematic allocation of the depreciable amount of a fixed asset over its useful life and should be recognized as an expense in the period in which the asset is used. Without recording depreciation periodically, Jelita Laundry would report assets at amounts that do not reflect their consumption through business operations. More importantly, profit could be overstated because a portion of the cost of using the equipment would remain unrecognized. Consequently, the recommended accounting treatment provides a more appropriate basis for assessing the actual financial performance and financial position of the business.

CONCLUSION

Based on the analysis and discussion of accounting practices at Jelita Laundry in East Bekasi, it can be concluded that the business accounting system remains relatively simple and is primarily conducted manually through single-entry bookkeeping. Daily transactions are mainly recorded based on cash inflows and outflows, without comprehensive classification of accounts or systematic preparation of financial statements. This condition indicates that the existing accounting practice has not fully complied with the requirements of SAK EMKM, particularly regarding the recognition and measurement of fixed assets and depreciation expenses.

The evaluation also identified several weaknesses in internal financial control. Business and personal funds are still mixed because the owner sometimes withdraws cash from daily operations for personal consumption without recording it as *prive*. In addition, segregation of duties remains weak because operational employees may also receive customer payments. The absence of periodic reconciliation between the physical weight of customers' laundry and daily cash receipts further increases the risk of recording errors, revenue discrepancies, and potential cash misuse. Therefore, improvements are required through the gradual implementation of a simple digital accounting system, strict separation of business and personal finances, appropriate recording of owner withdrawals as *prive*, recognition and depreciation of fixed assets, and stronger cash-control procedures. Daily reconciliation and clearer segregation of duties should also be implemented to improve the accuracy, reliability, and transparency of Jelita Laundry's financial information. These measures would provide a stronger basis for managerial decision-making and support more consistent implementation of SAK EMKM.

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