

SAK ETAP and Village-Owned Enterprises (BUMDes) in Java: A Systematic Literature Review

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ABSTRACT

This study examines the implementation of SAK ETAP in preparing financial reports for Village-Owned Enterprises (BUMDes) in Java Island and identifies challenges in compliance. SAK ETAP is a streamlined accounting standard designed to guarantee accountability and transparency in financial reporting for organisations that are not subject to public scrutiny, such as Village-Owned Enterprises (BUMDes). This research applies a qualitative approach through a Systematic Literature Review using the PRISMA method. A total of 14 relevant studies published between 2020 and 2024 were analyzed. The findings show that most Village-Owned Enterprises (BUMDes) have not fully adopted SAK ETAP, primarily due to limited accounting knowledge, lack of competent human resources, and insufficient government support. Some Village-Owned Enterprises (BUMDes) only prepare cash-based records or partial financial statements, leading to low comparability and reliability. The study emphasizes the importance of training, technical guidance, and standardized reporting systems to improve compliance. The results contribute by providing insights for policymakers, regulators, and stakeholders to strengthen governance and accountability in Village-Owned Enterprises (BUMDes) financial management.



INTRODUCTION

National development is a continuous process carried out by the Indonesian government to improve the quality of life and achieve the nation's goals of creating justice and equitable welfare. To realize these objectives, development must be implemented comprehensively, systematically, and sustainably, starting from the smallest unit, namely the village. Villages have the authority to administer governance, implement development, and enhance community capacity to achieve independence and prosperity (Sofian, 2021). One of the strategies adopted to strengthen the rural economy is the establishment of Village-Owned Enterprises (BUMDes) as the driving force of local economic growth.

Village-Owned Enterprises (BUMDes) are governed by Government Regulation No. 11 of 2021, which designates them as legal entities established by one or more villages for the management of businesses, resource utilization, investment development, service provision, and the productive management of resources to enhance the community's welfare. Village-Owned Enterprises (BUMDes) can fund their activities through the Village Budget (APBDes), government aid, community donations, and collaborations with external parties. As these enterprises engage external funding sources, they are required to manage their finances in a transparent and accountable manner.

As part of this accountability, Village-Owned Enterprises (BUMDes) are required to prepare and present financial statements on a regular basis. This requirement is stipulated in Government Regulation No. 11 of 2021, Article 58 paragraph (2), which mandates Village-Owned Enterprises (BUMDes) to produce semiannual and annual financial reports. These financial statements serve not only as a reporting tool to the government and community but also as a medium of transparency for stakeholders. For internal parties, financial reports act as a basis for evaluating performance, financial position, and the effectiveness of internal control. Meanwhile, for external parties such as the government, community, creditors, and investors, financial statements provide essential information to assess the capability, potential, and financial health of Village-Owned Enterprises (BUMDes).

To ensure compliance with applicable accounting standards, Government Regulation No. 11 of 2021, specifically Article 61 paragraph (1), mandates that Village-Owned Enterprises (BUMDes) financial statements undergo auditing. In this regard, Village-Owned Enterprises (BUMDes) follow the Financial Accounting Standards for Entities without Public Accountability (SAK ETAP), which are simpler than general accounting standards and more tailored to the needs of village-owned enterprises. Adhering to these standards is crucial not just as a formality, but as an essential part of ensuring accountability and transparency for stakeholders. On the other hand, failure to comply can result in misleading information, raise concerns of irregularities, and lead to potential legal repercussions. In practice, however, implementing SAK ETAP within Village-Owned Enterprises (BUMDes) encounters challenges, such as limited human resources and insufficient accounting expertise. These challenges highlight the need for further research to improve financial governance at the village level.

Previous studies on the implementation of SAK ETAP in Village-Owned Enterprises (BUMDes) indicate that the level of compliance remains low. Several studies report that BUMDes Kineauan in South Minahasa has not implemented SAK ETAP (Lintong et al., 2020), while BUMDes Selat in Bali has not prepared financial statements in accordance with SAK ETAP due to the low awareness of management regarding the importance of proper financial reporting (Cahyani & Sinarwati, 2021). Similarly, BUMDes Bangka Lihunu Maju in North Minahasa faces human resource constraints in applying SAK ETAP (Gaghenggang et al., 2022). Likewise, BUMDes Batu Batuah in Central Kalimantan has not adopted SAK ETAP because of insufficient government socialization on financial statement preparation (Helmawanti et al., 2023). These findings indicate that the implementation of SAK ETAP continues to encounter significant challenges, both from internal competency aspects and external support.

While previous studies have often been case-based and focused on individual entities, they have lacked a systematic synthesis that offers a comprehensive understanding of the broader patterns and challenges involved in implementation. This gap calls for a structured review approach. This study introduces novelty in terms of theory, methodology, and empirical contribution. Theoretical insight is provided by the integration of two key frameworks: stakeholder theory and entity theory. Stakeholder theory asserts that organizations must prioritize the interests of various stakeholders by providing them with pertinent information (Julythiawati, 2023). In contrast, entity theory posits that a business is distinct from its owner and therefore has an obligation to independently manage its finances and prepare financial reports as a means of accountability (Supeno, 2023). From a methodological standpoint, the study adopts a Systematic Literature Review (SLR) using the PRISMA method to analyze articles discussing the implementation of SAK ETAP in Village-Owned Enterprises (BUMDes) across Java Island from 2020 to 2024. The empirical findings of this research provide a comprehensive synthesis of prior studies, highlighting implementation patterns, identifying key challenges, and suggesting opportunities for improvement.

The primary objective of this study is to analyze the extent of SAK ETAP adoption in the preparation of Village-Owned Enterprises (BUMDes) financial statements in Java and to identify the factors influencing compliance. The findings are expected to enrich the literature on accounting standards for village-based entities and provide practical recommendations for Village-Owned Enterprises (BUMDes), government authorities, and stakeholders to enhance transparency and accountability in village financial management.

LITERATURE REVIEW

Stakeholder Theory

The Stakeholder Theory was first introduced by R. Edward Freeman in his book published in 1984 titled *Strategic Management: A Stakeholder Approach*. The Stakeholder Theory states that companies need to consider the interests of all their stakeholders (Muanifah et al., 2023). Companies have the responsibility to pay attention to the needs, fulfill the needs, and satisfy various stakeholders with different interests (Julythiawati, 2023). Stakeholders have the right to ask companies to meet their expectations, including creating accountability in the form of financial reporting (Farhana & Adelina, 2019).

However, as noted by Al Lawati and Sanad (2023), concentrated ownership can also create conflicts of interest, where the priorities of blockholders may not always align with those of minority shareholders. In markets with high ownership concentration, the power of blockholders can both positively and negatively impact governance practices and performance outcomes. Studies by Ting et al. (2024) support this view, highlighting that blockholder ownership may improve firm performance in markets with weaker regulatory frameworks but may also lead to managerial entrenchment and exploitation of minority shareholders' interests.

Entity Theory

Entity Theory is a theory that has developed alongside advancements in modern accounting principles. Arafah et al. (2022) state that Entity Theory highlights that a company or business entity is considered an independent entity, separate from its owner, thus creating a separation of interests and assets between the owner and the entity. The entity has the obligation to record all transactions related to its operations and prepare financial statements separate from its owner, as a form of accountability to the users of the financial statements.

Financial Accounting Standards for Entities without Public Accountability (SAK ETAP)

Village-Owned Enterprises (BUMDes) in preparing their financial statements must refer to and follow the Financial Accounting Standards for Entities without Public Accountability (SAK ETAP). On May 19, 2009, the Indonesian Institute of Accountants (IAI) approved SAK ETAP as an accounting standard intended to be used by entities whose financial reports do not have significant public accountability and are published only for general purposes to external users, such as creditors, investors, credit rating agencies, government bodies, or the public (IAI, 2009). SAK ETAP became effective on January 1, 2011, although early adoption was allowed starting January 1, 2010. However, starting January 1, 2025, SAK ETAP will no longer be applicable and will be replaced by the Private Entity Accounting Standards (SAK Entitas Privat), as SAK ETAP is deemed no longer suitable for entities without public accountability.

In practice, SAK ETAP provides flexibility and aims to ease villages' access to financing from financial institutions. Unlike general accounting standards, SAK ETAP does not follow SAK Umum (General Accounting Standards) and has several distinctive features. These include primarily using the historical

cost concept, regulating transactions of entities without public accountability, and offering simpler accounting treatment compared to general standards. Furthermore, the rules within SAK ETAP typically remain unchanged for several years (IAI, 2009). According to SAK ETAP, the final output of the financial reporting process consists of the statement of financial position (balance sheet), income statement, statement of changes in equity, statement of cash flows, and notes to the financial statements (IAI, 2009).

According to SAK ETAP (2009), financial statement information must meet certain characteristics to ensure it is both useful and of high quality. First, the information should be clear and systematically presented so that users with varying levels of accounting knowledge can understand it. Additionally, the information must be relevant, aiding in decision-making and enabling users to assess past, present, and future circumstances. Materiality ensures that any errors within the financial statements which could affect decision-making are considered substantial. Finally, the information must be reliable, meaning it should be accurate, impartial, and a truthful representation of the entity's financial situation.

The principle of substance over form emphasizes that financial transactions should reflect their true economic nature rather than just legal formalities, providing a more accurate financial perspective. Prudence demands that financial statements are prepared with caution, avoiding overstatement or understatement of figures. Completeness is also critical, meaning that all relevant and significant information, including accounting policies, should be presented in the financial statements. Comparability ensures consistency in presenting information across periods for easier comparison. Timeliness refers to presenting information when it is most needed for decision-making, and the cost-benefit principle ensures that the expenses of preparing financial reports do not outweigh the benefits they provide to users.

Previous Studies and Research Gaps

Previous studies on the implementation of SAK ETAP in Village-Owned Enterprises (BUMDes) indicate various challenges in adopting these standards. Andika et al. (2024) found that BUMDes Mitra Sejati in East Java has failed to prepare financial statements in line with SAK ETAP due to limited accounting knowledge among its staff. This situation leads to financial reports that only reflect basic transactions, often excluding key financial components. Similarly, Afkarina et al. (2022) reported that BUMDes Arum in Central Java only complied with two out of the five required financial reports according to SAK ETAP, due to insufficient understanding of accounting procedures.

Furthermore, Widiastuti et al. (2022) found that BUMDes Makmur Sejahtera in West Java faced challenges in implementing SAK ETAP due to a lack of human resources trained in the required accounting practices. Additionally, Sauri et al. (2022) observed that BUMDes Ma Bagus in Bali struggled with SAK ETAP compliance despite understanding basic accounting principles, as the enterprise lacked adequate resources to implement the standards properly. Adilah & Rani (2020) found that Village-Owned Enterprises (BUMDes) in Magelang Regency had not adopted SAK ETAP and instead only prepared basic cash flow reports. Similarly, Zainuddin et al. (2024) reported that BUMDes Desa Tambaksari had only prepared an income statement and was not fully compliant with SAK ETAP. These studies consistently highlight common barriers to implementing SAK ETAP, such as lack of awareness, insufficient resources, and limited training for Village-Owned Enterprises (BUMDes) management.

While numerous studies have addressed the implementation of SAK ETAP in Village-Owned Enterprises (BUMDes), they primarily focus on individual case studies or specific regions, which limits the broader applicability of their findings. Studies such as those by Andika et al. (2024), Afkarina et al. (2022), and Widiastuti et al. (2022) have provided important insights into the barriers faced by Village-

Owned Enterprises (BUMDes), including lack of awareness, insufficient resources, and limited accounting knowledge. However, these studies do not provide a systematic synthesis of the challenges faced by Village-Owned Enterprises (BUMDes) across different regions, nor do they explore how government support or training programs can influence the adoption of SAK ETAP. Additionally, there is no research that comprehensively examines the implementation of SAK ETAP in Village-Owned Enterprises (BUMDes) across Java Island, which has the highest concentration of Village-Owned Enterprises (BUMDes) in Indonesia.

This gap in the literature highlights the need for a more comprehensive review of the SAK ETAP adoption process across multiple Village-Owned Enterprises (BUMDes) regions and types. Most research examines case studies within Village-Owned Enterprises (BUMDes) or specific geographic areas. Different conditions and cultures can lead to different research findings. Furthermore, there is a lack of research that analyzes the effectiveness of government policies and capacity-building initiatives, which are crucial factors influencing the successful implementation of SAK ETAP. This study aims to fill these gaps by conducting a Systematic Literature Review (SLR) of studies published from 2020 to 2024, focusing on the adoption and implementation of SAK ETAP in Village-Owned Enterprises (BUMDes) across Java Island. By synthesizing existing research, this study will provide a more comprehensive understanding of the challenges and opportunities for improving SAK ETAP adoption in Village-Owned Enterprises (BUMDes) at a larger scale.

METHOD

The method applied in this study is a Systematic Literature Review (SLR). As described by Latifah & Ritonga (2020), SLR is a method that systematically identifies, evaluates, and interprets relevant findings related to the research topic, aiming to provide insights and address the research questions. The goal of SLR is to provide a clear and comprehensive overview of a specific research topic in a particular field of study. SLR is considered the highest method for achieving in-depth and objective understanding of a topic, as it involves a structured, thorough, and comprehensive process of evaluating and synthesizing existing scientific research (Gozy et al., 2023).

This study will focus on previous research related to the implementation of SAK ETAP in Village-Owned Enterprises (BUMDes) across Java Island, published online via Google Scholar to find relevant articles related to the research topic. Google Scholar was chosen due to its accessibility and the vast number of features it offers. The search was conducted using keywords such as “SAK ETAP,” “Penerapan SAK ETAP BUMDes,” and “Laporan Keuangan BUMDes” on the Publish or Perish application. The documents were then collected and processed using the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) technique.

According to Page et al. (2021), the PRISMA method involves five stages: establishing eligibility criteria, defining sources and data types, choosing literature, gathering data and information, and selecting the data items. The first stage consists of outlining the inclusion criteria (IC). This research follows three ICs: (1) IC1: the article must be original research written and reviewed in either Indonesian or English; (2) IC2: the article must have been published after 2020 and be a journal, rather than a thesis or dissertation; and (3) IC3: the article must focus on assessing the application of SAK ETAP in the financial reports of Village-Owned Enterprises (BUMDes) on Java Island. Second, the literature search was conducted in online databases with large academic repositories, including browsing references from articles that met the inclusion criteria. Third, the literature selection was broken down into four sub-stages: determining keywords, selecting titles, abstracts, and keywords, reading full or partial articles, and compiling a bibliography of selected studies. Fourth, data collection was done manually by using a data extraction form, capturing the author's name, title, publication year,

journal name, research methodology, study area, and findings. Finally, in selecting data items, two types of data were obtained: article demographics and research conclusions, with demographics covering the distribution of studies on SAK ETAP implementation, and conclusions regarding its alignment in Village-Owned Enterprises (BUMDes) financial reports. The research steps follow Figure 1.

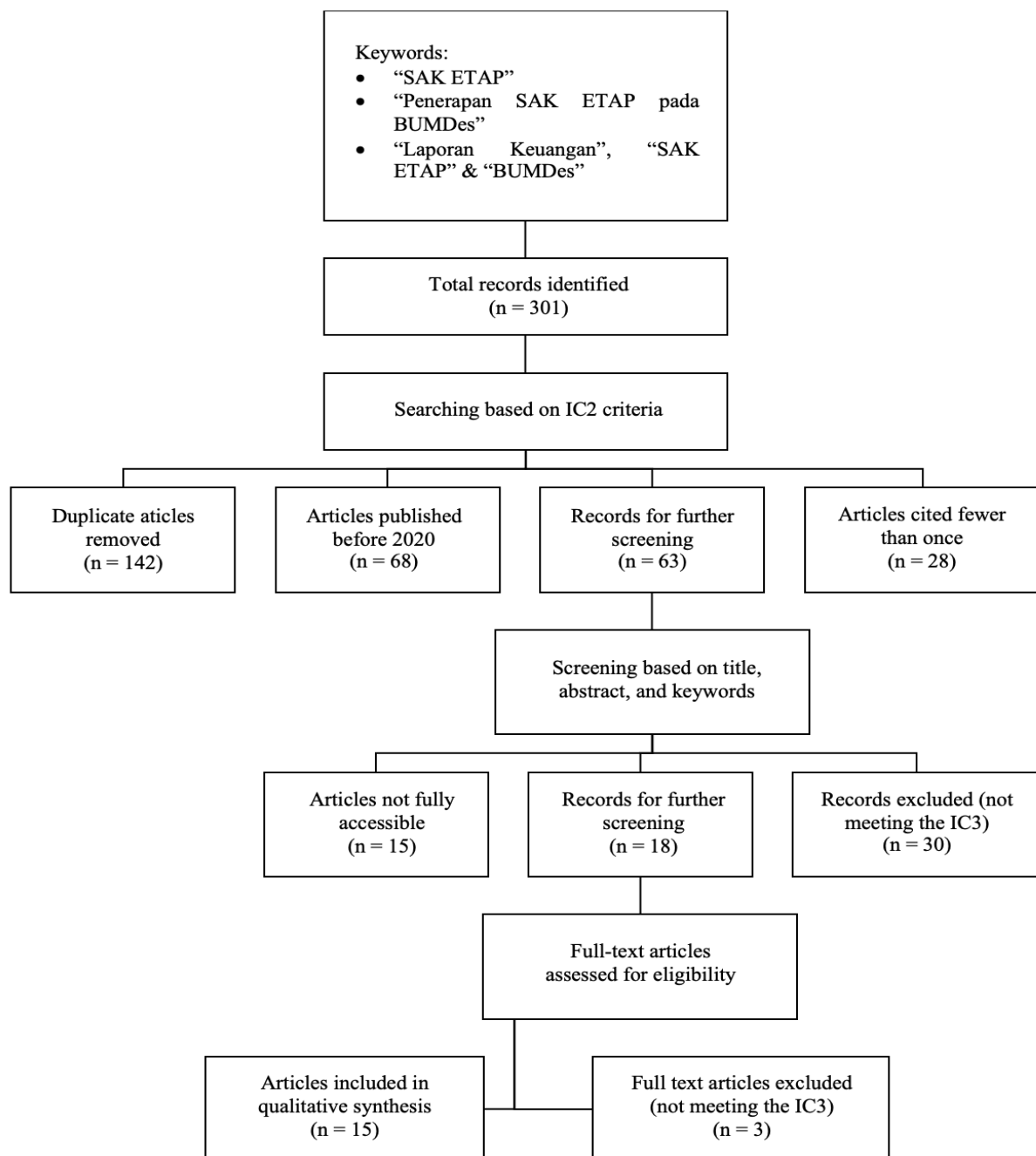


Fig. 1. PRISMA Framework

After applying the final filter, as shown in Figure 1, 14 articles in Indonesian were selected, focusing on the implementation of the SAK ETAP in Village-Owned Enterprises (BUMDes) across Java Island. Irrelevant articles were excluded. Using the PRISMA technique, the researcher analyzed the selected studies, assessing the research methodologies, key findings related to the research questions, and limitations. The results from all selected studies were summarized to comprehensively address the research questions. Table 1 presents a list of these articles, including the authors' names, publication year, article title, journal name, and the geographical region of the study.

Table 1. List of Articles for Review

No.	Author (year)	Article Title	Journal Name	Accreditation	Region
1.	Andika, E. B., Ratih, N. R., & Kusumaningarti, M. (2024)	Implementasi Standar Akuntansi Keuangan Entitas Tanpa Akuntabilitas Publik (SAK ETAP) terhadap Laporan Keuangan pada BUMDes Mitra Sejati Desa Sukorejo	Jurnal Ilmiah Wahana Pendidikan	Sinta (S5)	Trenggalek Regency, East Java
2.	Afkarina, F. N., Probowulan, D., & Maharani, A. (2022)	Penerapan SAK ETAP pada BUMDes Arum Jaya Mandiri Desa Jambearum Kecamatan Puger Kabupaten Jember	ULIL ALBAB: Jurnal Ilmiah Multidisiplin	Garuda	Jember Regency, East Java
3.	Widiastuti, E., & Khoiriawati, N. (2022).	Kesiapan BUMDes Makmur Sejahtera Desa Jabalsari Kecamatan Sumbergempol Kabupaten Tulungagung untuk mengimplementasikan Standar Akuntansi Keuangan Entitas Privat.	BUDGETING: Journal of Business, Management and Accounting	Sinta (S5)	Tulungagung Regency, East Java
4.	Sauri, S., Amin, M., & Afifudin. (2022).	Analisis Penerapan SAK ETAP pada BUMDes (Studi Kasus pada BUMDesMa) Bagus Desa Pandesari Kecamatan Pujon Kabupaten Malang).	Jurnal Ilmiah Riset Akuntansi	Garuda	Malang Regency, East Java
5.	Sulistiyowati, E., Kristiawan, A., Setyawardani, L., Dewi, M. A., & Nugraheni, R. (2024)	Kebijakan Pengelolaan Keuangan dan Akuntabilitas Pelaporan dalam Upaya Penyusunan Laporan Keuangan BUMDes Sesuai SAK ETAP	Owner: Riset & Jurnal Akuntansi	Sinta (S3)	Banyuwangi Regency, East Java
6.	Pangesti, A. E., Yulinartati, & Maharani, A. (2022).	Rekonstruksi Penyusunan Laporan Keuangan pada BUMDes berdasarkan SAK ETAP.	BUDGETING: Journal of Business, Management and Accounting	Sinta (S5)	Jember Regency, East Java
7.	Supeno, A. (2023).	Analisis Implementasi SAK ETAP pada Laporan Keuangan BUMDes: Studi Kasus pada BUMDes di Desa Tuban	Jurnal Kendali Akuntansi	Garuda	Tuban Regency, East Java
8.	Adilah, H., & Rani, U. (2020).	Kajian Teoritis Pelaporan Keuangan pada Bumdes Ditinjau dari SAK ETAP	Gorontalo Accounting Journal	Sinta (S4)	Magelang Regency, Central Java
9.	Zainuddin, M., Suprihandari, M. D., Raharjo, K. A., & Subandoro, A. (2024).	Analysis of Financial Reports at BUMDES Tambaksari Village, Rubaru District, Sumenep Regency Based on SAK ETAP	Journal of International Accounting, Taxation and Information Systems	Garuda	Sumenep Reegency, East Java

10.	Juhara, H. S. R. A. A., Setiadi, I. F., Ghifari, R. A., Purnama, W. A., Nugraha, & Kurniati, F. (2024).	Analisis Penerapan SAK ETAP pada BUMDes Mawa Raharja Desa Cibiru Wetan.	Journal of Finance, Entrepreneurship, and Accounting Education Research	-		Bandung Regency, West Java
11.	Ramdhani, S. P., & Anita, D. (2023).	Analisis Laporan Keuangan BUMDes Niagara Desa Wangisagara.	Jurnal Pendidikan Tambusai	Sinta (S5)		Bandung Regency, West Java
12.	Gusirsfa, H., & Agung, F. (2021).	Assistance of Implementation of Financial Accounting Standards Without Public Accountability (SAK ETAP) at A Village Owned Business Entity (BUMDes) Adi Karya Mandiri in Sumur Batu Village, Babakan Madang District, Bogor Regency, 2016.	Journal of Community Engagement	Sinta (S5)		Bogor Regency, West Java
13.	Silmi, S. M., & Nindiasari, A. D. (2023).	Analisis Penerapan SAK ETAP pada Laporan Keuangan BUMDes Amarta Kelurahan Pandowoharjo Tahun 2016-2021.	ULIL ALBAB: Jurnal Ilmiah Multidisiplin	Garuda		Sleman Regency, Special Region of Yogyakarta
14.	Saputra, A. N., Anggraeni, F. A., & Restuti, M. D. (2023).	Akuntabilitas Pengelolaan Laporan Keuangan di BUMDes Maskumambang.	Jurnal Pijar Studi Manajemen dan Bisnis	Garuda		Semarang Regency, Central Java

RESULT

A total of fourteen articles were selected based on the screening process outlined in the methodology section. The analysis conducted on each article focused on the research methodology, key findings, particularly regarding whether the financial reports of Village-Owned Enterprises (BUMDes) align with SAK ETAP, and the limitations identified in the studies. The results are summarized in Table 2, which provides an overview of the articles, including the author(s), year of publication, research methods, findings, challenges faced by Village-Owned Enterprises (BUMDes), and the research limitations. Further discussion is provided to address the research questions comprehensively.

Table 2. Literature Review on SAK ETAP Implementation in Village-Owned Enterprises (BUMDes)

Author (year)	Research Methods	Discussion Results	What Challenges are Faced by BUMDes?	Research Limitations
Andika, E. B., Ratih, N. R., & Kusumaningarti, M. (2024)	A qualitative descriptive approach using interviews, documentation, and primary data from financial reports.	BUMDes Mitra Sejati's financial statements do not comply with SAK ETAP. The reports are cash-based, recording only transactions involving cash balances.	The staff lacks understanding of accounting principles and the necessary competence to prepare financial statements in	The study does not explain why BUMDes Mitra Sejati's financial statements are non-compliant, nor does it provide detailed interview results,

			accordance with SAK ETAP.	focusing mainly on financial statement analysis.
Afkarina, F. N., Probowulan, D., & Maharani, A. (2022)	A qualitative descriptive approach, utilizing interviews, documentation, and observation.	BUMDes Arum Jaya Mandiri's financial statements do not fully comply with SAK ETAP, preparing only two of the five required reports: the statement of financial position (balance sheet) and the income statement.	Not disclosed.	The study does not discuss the discrepancies in detail or provide insights into the challenges faced in fully complying with SAK ETAP.
Widiastuti, E., & Khoiriawati, N. (2022).	A qualitative descriptive approach, with data sourced from interviews, field studies, and financial reports.	BUMDes Makmur Sejahtera in Jabalsari Village has not implemented SAK ETAP in its financial statements, preparing only the cash flow statement and income statement.	The staff of BUMDes Makmur Sejahtera lacks sufficient knowledge of SAK ETAP, and the supporting infrastructure is inadequate.	The study focused solely on readiness assessment and did not explore discrepancies in the financial statements or the process of reconstructing the reports in detail.
Sauri, S., Amin, M., & Afifudin. (2022).	A qualitative descriptive approach, utilizing primary and secondary data (observation, documentation, and interviews).	The financial reports of BUMDes Ma Bagus have been compiled and displayed in compliance with SAK ETAP	The treasurer of BUMDes Ma Bagus possesses a basic understanding of accounting, and the organization employs an accountant to enhance the financial statements prepared by the treasurer.	The study did not further address the five components of financial statements as required by SAK ETAP.
Sulistiyowati, E., Kristiawan, A., Setyawardani, L., Dewi, M. A., & Nugraheni, R. (2024)	A qualitative descriptive approach using interviews, observations, and documentation.	The financial reports of BUMDes Citra Mandiri do not comply with SAK ETAP. The enterprise only prepares the balance sheet and the income statement.	The staff responsible for preparing the financial statements lack knowledge and understanding of accounting principles and standards and have not participated in any training.	The study does not provide a detailed explanation of the discrepancies in the financial statements or compare them to compliant statements under SAK ETAP.
Pangesti, A. E., Yulinartati, & Maharani, A. (2022).	A qualitative descriptive approach through interviews, observations, and documentation.	BUMDes Pesat Unit Usaha Jamur Tiram only prepares financial statements containing information on income and expenses.	The failure to comply with SAK ETAP in preparing financial statements is due to a lack of knowledge and insufficient competence among the involved staff.	The study focuses on reconstructing Village-Owned Enterprises (BUMDes) financial statements and does not provide a detailed explanation of the challenges Village-Owned Enterprises (BUMDes) face in preparing these statements.
Supeno, A. (2023).	A qualitative descriptive method. Data collection procedures included interviews with Village-Owned	The financial reports of 14 Village-Owned Enterprises (BUMDes) in Tuban District did not comply with SAK ETAP. Additionally,	The challenges include a lack of accounting knowledge among Village-Owned Enterprises	The study does not provide a detailed analysis of the financial reports of each Village-Owned Enterprises

	Enterprises (BUMDes) treasurers and documentation of financial statements.	four Village-Owned Enterprises (BUMDes) did not prepare any financial statements, relying only on a general cash book.	(BUMDes) managers, incomplete data for financial reporting, and inadequate government support and facilities.	(BUMDes) or compare them with SAK ETAP standards.
Adilah, H., & Rani, U. (2020).	A qualitative descriptive method, utilizing a literature review, interviews, and financial report observation as data collection techniques.	The BUMDes in Magelang Regency did not implement SAK ETAP in preparing their financial statements and only produced daily cash reports, which recorded income and expenditure.	Not disclosed.	The study did not provide further details on the specific challenges faced by Village-Owned Enterprises (BUMDes) in preparing and presenting financial reports in accordance with SAK ETAP.
Zainuddin, M., Suprihandari, M. D., Raharjo, K. A., & Subandoro, A. (2024).	A qualitative descriptive method by analyzing field data, supported by existing theories.	The financial statements of BUMDes Tambaksari Village did not comply with SAK ETAP, as the Village-Owned Enterprises (BUMDes) only prepared an income statement.	Not disclosed.	The study did not provide any information on the challenges faced by BUMDes Tambaksari Village in preparing and presenting financial statements in accordance with SAK ETAP.
Juhara, H. S. R. A. A., Setiadi, I. F., Ghifari, R. A., Purnama, W. A., Nugraha, & Kurniati, F. (2024).	A qualitative descriptive approach, using data collected through interviews and documentation.	The balance sheet, income statement, and statement of changes in equity prepared by BUMDes Mawa Raharja did not comply with SAK ETAP. The cash flow statement and CALK were missing.	The main challenges were the treasurer's lack of accounting knowledge and absence of government-led training or outreach.	The study discussed financial statements and challenges in detail but did not reconstruct the financial statements of Village-Owned Enterprises (BUMDes).
Ramdhani, S. P., & Anita, D. (2023).	A qualitative descriptive approach using interviews, observations, and documentation.	The financial statements of BUMDes Niagara did not comply with SAK ETAP, with only income and expenditure reports and a balance sheet prepared.	BUMDes Niagara lacked knowledge of the proper format for financial reports in compliance with SAK ETAP.	The study lacked detailed discussion on the financial report discrepancies and challenges in complying with SAK ETAP.
Gusirsfa, H., & Agung, F. (2021).	A qualitative descriptive approach using interviews, financial statements, and secondary sources.	BUMDes Adi Karya Mandiri only prepared an income statement, which did not comply with SAK ETAP requirements.	on-compliance was due to a lack of accounting knowledge, limited personnel, and the absence of government guidance, socialization, and supervision.	The study did not further discuss the inconsistencies in the financial statements' information, accounts, and content.
Silmi, S. M., & Nindiasari, A. D. (2023).	A qualitative descriptive method using interviews, documentation, and	BUMDes Amarta Pandowoharjo's financial statements were based on SAK ETAP, but implementation was	A key challenge was the delayed submission of reports from work units, which served as data sources for Village-	The study did not provide a detailed explanation of the challenges faced by BUMDes Amarta Pandowoharjo in

	participatory observation.	inconsistent. Only the 2018 and 2021 reports fully aligned with SAK ETAP.	Owned Enterprises (BUMDes).	preparing its financial reports.
Saputra, A. N., Anggraeni, F. A., & Restuti, M. D. (2023).	A qualitative approach, using primary data from interviews and observations, and secondary data from documented financial statements	The financial reports of BUMDes Maskumambang were not fully compliant with SAK ETAP, consisting only of a balance sheet, income statement, and statement of changes in equity.	The main challenge was the limited understanding of accounting and SAK ETAP among the personnel.	The study did not provide a detailed analysis of the discrepancies in the financial reports or compare them with reports that fully comply with SAK ETAP.

DISCUSSION

The preparation of financial statements by Village-Owned Enterprises (BUMDes) in the Java Island region in accordance with SAK ETAP

Based on a review of 14 previous studies, it was found that most Village-Owned Enterprises (BUMDes) in Java Island have not fully implemented SAK ETAP in the preparation and presentation of their financial statements. Only one Village-Owned Enterprises (BUMDes), BUMDesMa Bagus, was found to have complied with the standard comprehensively (Sauri et al., 2022). This overall finding indicates a serious issue of non-compliance, which may stem from a lack of financial literacy, insufficient human resource capacity, and limited support from government stakeholders. As a result, the reliability and transparency of Village-Owned Enterprises (BUMDes) financial reporting are questionable, which could ultimately hinder accountability and limit access to funding or external partnerships.

Many Village-Owned Enterprises (BUMDes) still rely on simple bookkeeping practices such as general cash books, as seen in the studies of Andika et al. (2024), Pangesti et al. (2022), Supeno (2023), and Adilah and Rani (2020). These reports typically record only cash inflows and outflows without reflecting the entity's financial position and performance comprehensively. This practice can lead to incomplete and misleading financial information, making it difficult for external parties such as the community, creditors, investors, and government agencies to assess profitability, solvency, or financial viability.

Supeno (2023) observed that five Village-Owned Enterprises (BUMDes) in Tuban District only prepared a single financial statement which was the balance sheet. In other cases, such as BUMDes Maja Labo and BUMDes Luu Lambu in Lambu Village (Supeno, 2023), BUMDes Tambaksari (Zainuddin et al., 2024), and BUMDes Adi Karya Mandiri (Gusirsfa and Agung, 2021), the financial reports were limited to the income statement. These financial statements were not only incomplete but also lacked necessary disclosures and were often prepared manually without proper classification of account items. For example, Adi Karya Mandiri's income statement did not clearly specify income and expense categories.

Similarly, Juhara et al. (2024) found that BUMDes Mawa Raharja applied a cash basis accounting method, recognizing only cash transactions, which led to inaccurate asset valuations due to the absence of accumulated depreciation. The same format was also observed in BUMDes Maskumambang (Saputra et al., 2023), which only presented a balance sheet, income statement, and statement of changes in equity, omitting other required components and disclosures.

Several other Village-Owned Enterprises (BUMDes), such as Arum Jaya Mandiri (Afkarina et al., 2022), Makmur Sejahtera (Widiastuti and Khoiriawati, 2022), Citra Mandiri (Sulistiyowati et al., 2024),

Damai (Supeno, 2023), and Niagara (Ramdhani and Anita, 2023), only prepared two out of the five mandatory financial statements outlined in SAK ETAP. In some cases, the reports lacked account classification and comparative data, reducing their usefulness for decision-making.

Although BUMDes Amarta Pandowoharjo showed improvement in 2021 by preparing a full set of financial statements (Silmi and Nindiasari, 2023), the absence of comparative disclosures and a formal declaration of SAK ETAP compliance indicated that the reports still fell short of the standard.

The challenges faced by Village-Owned Enterprises (BUMDes) in preparing financial statements in accordance with SAK ETAP

A review of the literature reveals that many Village-Owned Enterprises (BUMDes) face significant challenges in preparing financial statements that comply with SAK ETAP. According to Sulistyowati et al. (2024), BUMDes Citra Mandiri struggles due to a lack of knowledge and competence in accounting and SAK ETAP among its personnel. This finding is consistent with the study by Ratmasari et al. (2021), which highlights that employees with financial work experience and those who have attended training sessions tend to produce higher-quality financial reports. The greater an employee's knowledge of accounting, the higher their competence and understanding of accounting standards.

Juhara et al. (2024) observed that the limited number of staff and the absence of personnel with accounting backgrounds also contribute to the difficulty in implementing SAK ETAP. A small workforce burdened with multiple responsibilities often leads to poor financial management and a higher risk of recording errors. Similarly, Gusirsfa and Agung (2021) found that staffing limitations at BUMDes Adi Karya Mandiri forced employees to handle multiple roles at once, resulting in disorganized transaction data.

Supeno (2023) identified another challenge faced by Village-Owned Enterprises (BUMDes) in Tuban District, namely the lack of government involvement in supporting and facilitating financial reporting. Juhara et al. (2024) emphasized that the absence of training and mentoring is a major obstacle to implementing SAK ETAP, as many Village-Owned Enterprises (BUMDes) managers and treasurers lack basic accounting knowledge. Gusirsfa and Agung (2021), along with Ramdhani and Anita (2023), also stressed that government supervision plays a critical role in ensuring compliance with SAK ETAP. Monitoring and evaluation by government authorities can foster greater accountability and awareness among Village-Owned Enterprises (BUMDes). Furthermore, Gusirsfa and Agung (2021) noted that the Indonesian Institute of Accountants (IAI), as the developer of SAK ETAP, has not adequately promoted or socialized the standard to Village-Owned Enterprises (BUMDes).

Sulistyowati et al. (2024) and Supeno (2023) also noted that many Village-Owned Enterprises (BUMDes) managers have yet to fully appreciate the importance of accurate and well-structured financial statements for both internal management and external stakeholders. Similarly, Gusirsfa and Agung (2021) found that the owners and administrators of BUMDes Adi Karya Mandiri did not consider compliance with SAK ETAP to be essential or critical to the organization's success.

Additional challenges were reported by Silmi and Nindiasari (2023), who found that BUMDes Amarta Pandowoharjo experienced difficulties in preparing timely financial statements due to delays in receiving reports from its individual business units. Supeno (2023) also observed that many Village-Owned Enterprises (BUMDes) in Tuban District lacked basic infrastructure, such as computers or laptops, which often led to the loss or neglect of financial records.

CONCLUSION

The findings of this study reveal a significant gap between the financial reporting practices of Village-Owned Enterprises (BUMDes) in Java Island and the standards established by SAK ETAP. Despite the existence of accounting regulations intended to improve transparency and accountability, most Village-Owned Enterprises (BUMDes) still fail to produce complete and compliant financial statements. The majority of them only prepare partial reports, such as the balance sheet or income statement, and in many cases, rely solely on general cash books. This indicates a fundamental issue in understanding and implementing financial reporting frameworks among Village-Owned Enterprises (BUMDes).

Several recurring challenges were identified across the reviewed literature, including the limited number and competence of human resources, the lack of accounting knowledge among staff, and minimal government involvement in capacity-building or supervision. The absence of structured guidance from both local authorities and professional institutions like the Indonesian Institute of Accountants further exacerbates the problem. Moreover, many Village-Owned Enterprises (BUMDes) managers remain unaware of the critical role that accurate financial statements play in organizational decision-making and public accountability. Operational constraints such as infrastructure limitations and delays in report consolidation from various business units also hinder timely and reliable financial reporting.

These findings underline the need for more than just regulatory enforcement; they point to the importance of comprehensive support systems, including training, infrastructure provision, and institutional collaboration. However, this study also raises questions that remain unanswered, such as the extent to which external audits or digital accounting tools might improve compliance, or how regional policies influence the reporting practices of Village-Owned Enterprises (BUMDes). Future research could explore these areas to provide more targeted and scalable solutions that enhance financial governance in rural economic development.

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