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APPLICATION OF ACCOUNTING BASED ON THE SAK OF PRIVATE ENTITIES (EP) IN THE FINANCIAL MANAGEMENT OF EARLY CHILDHOOD EDUCATION (PAUD) XXX

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Abstract

This study aims to analyze the application of accounting in the financial management of Early Childhood Education (PAUD) Maisarah Tanjungpinang City and assess its conformity with the Financial Accounting Standards for Private Entities (SAK EP). The research uses a descriptive method with a qualitative approach, with the object of research in the form of financial recording and reporting practices of PAUD Maisarah. Primary data was obtained through observation and interviews with the head of PAUD and the treasurer selected using the purposive sampling technique, while secondary data was obtained from the institution's financial documents and literature studies. Data analysis is carried out through data reduction, data presentation, and conclusion drawn, then compared with the provisions for presenting financial statements according to SAK EP. The results of the study show that the financial management of PAUD Maisarah is still carried out simply through the recording of cash-based cash in and out, with total receipts in 2025 of IDR 29,000,000 and total expenditure of IDR 28,000,000, resulting in a surplus of IDR 1,000,000. The institution has not prepared a Financial Position Report, Profit and Loss Report, Equity Change Report, Classified Cash Flow Report, as well as Notes on Financial Statements as required by SAK EP, so that the overall financial management is declared not in accordance with these standards. These findings indicate the need for the gradual implementation of SAK EP so that the financial statements of PAUD Maisarah become more complete, transparent, and accountable.

INTRODUCTION

The financial management of educational institutions has an important role to achieve the educational goals that have been set, considering that finance is the basis that allows the smooth management of the institution. The use of funds must be carefully planned, both in terms of income and expenditure, and its use must be accounted for through clear reporting to match the educational objectives to be achieved. Educational financial management is closely related to how school finances can be obtained and allocated (Nurhasanah et al., 2022).

Early Childhood Education (PAUD) is a form of education that focuses on laying the foundation for the growth and development of children's physical, cognitive, and social development. Early childhood education institutions need an accounting system to produce financial information that ensures accountability and transparency in the implementation of educational activities, considering that the institution's funding sources generally come from the government, the community, and other parties (Sadiah et al., 2021). The relevant accounting standard for institutions as small as PAUD is the Private Entity (EP) SAK, which is an accounting standard designed specifically for entities without significant public accountability, such as small businesses, cooperatives, or non-profit organizations. This standard offers a simpler and easier to understand financial statement, but is still able to produce reliable information, including Financial Position Statements, Profit and Loss Statements, Equity Change Reports, Cash Flow Statements, and Notes on Financial Statements (Indonesian Institute of Accountants, 2016).

PAUD Maisarah Tanjungpinang City operates as a private educational institution that can be categorized as a non-profit organization, with funding sources coming from student dues, government assistance, and community donations. The results of initial observations show that financial recording at PAUD Maisarah is still carried out simply, only in the form of recording incoming and outgoing cash without systematic account grouping, so that the financial reports produced do not reflect the financial condition of the institution as a whole. The institution has also not prepared complete financial statements in accordance with accounting standards, such as financial position statements and classified cash flow statements, conditions that have the potential to cause a lack of transparency and accountability in the use of funds.

A similar phenomenon was found in previous studies. Guruh Indragiri (2019) found that the application of accounting at PAUD Angel's School was not in accordance with generally accepted accounting principles, with financial statements prepared only in the form of balance sheets and income statements without calculation of depreciation of fixed assets. Similar findings were obtained by Sari (2021) at PAUD Laskar Pelangi, which only compiles cash-based cash receipts and expenditure reports without compiling financial position reports, net asset change reports, cash flow reports, or notes on financial statements. Dinda Venna Hendryany (2023) also found that PAUD KB Seikat Sirih Tanjungpinang has not implemented an adequate basic accounting system in compiling its financial statements. The gap between the simple recording practices commonly applied by PAUD institutions and the provisions of the applicable accounting standards is an important basis for this study.

Based on this phenomenon, this study aims to analyze the application of accounting in the financial management of PAUD Maisarah Tanjungpinang City and assess its suitability with the SAK of Private Entities (EP). The results of this research are expected to be a consideration for the management of PAUD Maisarah in compiling more systematic financial reports, as well as a reference for other early childhood education institutions that face similar challenges in their financial management.

LITERATURE REVIEW

Accounting

Accounting is the process of recording, classifying, summarizing, and reporting financial transactions of an entity that is used as a basis for decision-making. Kieso et al. (2018) define accounting as an information system that identifies, records, and communicates economic events to users for decision-making, while Warren et al. (2017) describe accounting as a tool that provides relevant and reliable financial information to help internal and external parties assess the performance of an entity. Hery (2016) added that the accounting function includes the functions of recording, classifying, reporting, and analyzing the financial condition of the entity. Simple accounting, as a form of financial recording that is practical and easy to understand for small entities, generally only includes recording cash receipts and expenditures (Hery, 2016), with the benefits of helping to know financial conditions quickly, making it easier to monitor cash flows, and increasing financial transparency and accountability (Mulyadi, 2016).

SAK Private Entity (EP)

The Private Entity (EP) SAK is a standard used by entities without significant public accountability, designed to make it easier for small entities to prepare simpler but still reliable financial statements (Indonesian Institute of Accountants, 2016). This standard states that the purpose of presenting financial statements is to provide information on financial position, financial performance, and cash flows as management accountability for the resources entrusted to it, as well as useful for users in economic decision-making. The complete financial statements according to SAK EP consist of Financial Position Statements, Profit and Loss Statements, Equity Change Reports, Cash Flow Statements, and Notes on Financial Statements. Weygandt et al. (2015) added that financial statements should be accompanied by explanatory notes as an integral part of each report. Accounting standards in general aim to produce uniform, relevant, and reliable financial statements, as well as become a standard guideline for entities in compiling their financial statements (Bahri, 2016).

Financial Management

Financial management is the process of planning, implementing, recording, and supervising the use of funds in an organization, covering all activities related to the effective and efficient management of financial resources (Mulyadi, 2016). Rahayu et al. (2018) explained that financial management includes the stages of planning, storing, using, recording, and supervision which ends with accountability reporting for the cycle of funds in and out in a certain period. Kuswadi (2005) stated the four basic stages of financial management, namely planning, recording, reporting, and control, while Mulyawan (2015) emphasized that financial management includes all activities related to the acquisition, funding, and management of organizational assets to achieve the set goals.

RESEARCH METHODS

This study uses a descriptive method with a qualitative approach to understand in depth the application of simple accounting based on the SAK of Private Entities (EP) in the financial management of PAUD Maisarah Tanjungpinang City. The object of the research is the application of simple accounting in the financial management of PAUD Maisarah, with a focus on the process of recording, classification, and financial reporting, as well as its suitability with the SAK EP. The scope of research is limited to the aspects of recording cash receipts and expenditures, the preparation of simple financial statements, and financial control of PAUD Maisarah.

The research population includes all parties involved in the financial management of PAUD Maisarah, including the head of PAUD, treasurer, and other parties who play a role in financial recording and reporting. The sample was determined using purposive sampling techniques with the criteria of parties directly involved in financial management, understanding the recording and reporting process, and being willing to provide the required information, so that the research sample consisted of the head of PAUD and the treasurer.

Primary data was collected through direct observation and interviews with PAUD managers, while secondary data was obtained from internal financial documents of institutions as well as external library sources such as journals and books. Data analysis is carried out in a qualitative descriptive manner through three stages, namely data reduction to focus raw data on research problems, presentation of data in the form of narratives and tables, and drawing conclusions accompanied by verification to ensure data consistency. Analysis was carried out on five components of the financial statements, namely the Financial Position Report, the Profit and Loss Report, the Equity Change Report, the Cash Flow Report, and the Notes on the Financial Statements, which were then compared with the presentation provisions according to the SAK EP to assess the level of suitability.

RESULTS AND DISCUSSION

Overview of PAUD Maisarah

PAUD Maisarah is one of the Early Childhood Education institutions in Tanjungpinang City, Riau Islands Province, which provides educational services oriented to the development of cognitive, affective, psychomotor, social, emotional, as well as children's religious and moral values. The institution's operational activities are financed from students' education fees (SPP), government operational assistance, and donations or donations from other parties. Financial management has been carried out simply through recording cash in and cash out as a form of accountability, but it does not include a complete accounting process in accordance with the SAK EP and does not present information on assets, liabilities, equity, and cash flows based on activity classification.

Financial Statement Analysis

The results of the research on the financial recording of PAUD Maisarah throughout 2025 are summarized in Table 1.

Table 1. Summary of the Financial Recording of PAUD Maisarah in 2025

Remarks	Amount (Rp)
Early year cash balance	5.000.000
Student tuition fee acceptance	6.000.000
Receipt of educational operational assistance	18.000.000
Receipt of new student registration fees	3.000.000
Acceptance of donations	2.000.000
Total revenue	**29.000.000**
Payment of teacher and education staff honorarium	12.000.000
Purchase of stationery and learning materials	4.000.000
Electricity, water, and internet payments	3.000.000
Purchase of school supplies	3.500.000
Cost of student activities	2.500.000
Maintenance and cleaning costs	2.000.000
Other administrative fees	1.000.000
Total expenses	**28.000.000**
Surplus (difference in income over expenditure)	**1.000.000**
Year-end cash balance	**6.000.000**
Source: Primary data of PAUD Maisarah Tanjungpinang City, processed 2026	

The data in Table 1 shows that PAUD Maisarah received a total income of IDR 29,000,000 throughout 2025, which came from tuition fees, government operational assistance, registration fees, and donations, while total expenditure reached IDR 28,000,000, so that there was a surplus of IDR 1,000,000 and a final cash balance of IDR 6,000,000. The recording is entirely cash-based and has not classified transactions into financial position statements, income statements, equity change reports, and separate cash flow statements as required by SAK EP, all information is only combined in one cash book.

The results of further analysis show that PAUD Maisarah has not recognized fixed assets such as tables, chairs, computers, printers, and educational game equipment based on acquisition costs, and has not depreciated these assets, so the value of the institution's wealth cannot be known accurately. Liabilities such as electricity debt and equipment purchase debt have also not been recorded, and changes in equity from year to year have never been systematically documented. In the cash flow statement, all receipts and expenses are recorded chronologically without being separated into operational, investment, and funding activities, so that the management cannot trace the main sources of cash receipts or the use of cash for asset investments. PAUD Maisarah has also not prepared a Notes on Financial Statements that explain accounting policies, the basis for preparing reports, and the depreciation methods used, so that the financial statements produced are less transparent and difficult than between periods.

Compliance with Private Entity SAK

The comparison between the financial management practices of PAUD Maisarah and the provisions of the SAK EP is summarized in Table 2.

Table 2. Conformity of the Financial Statements of PAUD Maisarah with SAK EP

Komponen SAK EP	Maisarah Early Childhood Education Practice	Conformity Status
Financial Position Report	Only record cash in and cash out; fixed assets have not been recognized and depreciated; Unrecorded Liability	Not yet compliant
Income Statement	All transactions are recorded as cash in and cash out without income and expense classification	Not yet compliant
Equity Change Report	Never been drafted; Undocumented Capital Development	Not yet compliant
Cash Flow Statement	In the form of daily cash books without classification of operational, investment, and funding activities; still cash-based	Not yet compliant
Notes on Financial Statements	Not yet drafted; No explanation of accounting policies or account details	Not yet compliant
Source: Research results, 2026		

Overall, the five components of financial statements required by the SAK EP have not been implemented by PAUD Maisarah. The recording practice is still oriented to cash flow (cash basis) and has not implemented a complete accounting cycle, starting from transaction recognition, account classification, recording in journals and ledgers, to the preparation of accrual-based financial statements as recommended by SAK EP. This condition has an impact on the low quality of the financial information produced, because it does not meet the qualitative characteristics of financial statements, namely relevant, reliable, understandable, comparable, and verifiable.

The discrepancy in the Financial Position Report causes the management to not know exactly the number of assets, liabilities, and net worth of the institution, while the absence of fixed asset depreciation makes the value of the recorded assets not reflect the actual economic conditions. In the Income and Loss Report, the absence of a classification of income and expenses makes it difficult to evaluate the effectiveness of fund management, although the difference between receipts and expenses can still be calculated simply. The absence of Equity Change Reports and Notes on Financial Statements also reduces the level of transparency and comparability of reports between periods, while unclassified Cash Flow Statements make it difficult for management to trace the main sources of revenue and cash allocation for long-term investment needs. This finding is in line with the research of Guruh Indragiri (2019) at PAUD Angel's School and Sari (2021) at PAUD Laskar Pelangi, both of which found that PAUD institutions generally only prepare simple cash-based financial statements without fulfilling complete financial statement components according to applicable accounting standards.

CONCLUSION

This study concludes that the financial management of PAUD Maisarah Tanjungpinang City is still carried out simply through the recording of incoming and outgoing cash, and overall is not in accordance with the provisions of the SAK of Private

Entities (EP). The Financial Position Report has not been prepared because assets, liabilities, and equity have not been presented systematically, fixed assets have not been recognized based on acquisition costs and have not been depreciated, while liabilities have not been adequately recorded. The Income and Loss Statement has not been implemented because income and expenses have not been classified based on their type, so that the surplus of IDR 1,000,000 obtained in 2025 can only be known through simple calculations, not through structured income statements. The Equity Change Report and Notes on Financial Statements have never been prepared at all, while the existing Cash Flow Statement is still in the form of a simple cash book without classification of operational, investment, and funding activities and still uses a cash basis, not an accrual basis as recommended by SAK EP.

The practical implications of this finding show that PAUD Maisarah needs to start implementing an accounting recording system that refers to the SAK EP gradually, not limited to cash recording, but includes the recognition, grouping, and recording of all financial transactions according to the accounting cycle, as well as compiling the five components of financial statements required so that the financial condition of the institution can be known more thoroughly and support decision-making by the foundation. government, as well as donors.

This research has limitations because it was only conducted in one PAUD institution so that the findings cannot necessarily be generalized to other PAUD institutions with different management characteristics. The next research is suggested to expand the scope by involving several PAUD institutions as research objects to enable comparative analysis of the level of implementation of SAK EP, as well as to assess the effectiveness of the implementation of the standard after mentoring or training to the financial managers of early childhood education institutions.

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