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Application of Simple Financial Reports on Umkm in Kedungdowo Village

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Abstract: The Micro, Small and Medium Enterprises (MSMEs) sector in Indonesia is one of the pillars of the Indonesian economy apart from the cooperative sector. There are several problems faced by MSMEs, one of which is the limited knowledge of making financial reports. Financial reports are one of the most important things in establishing and running a business, especially in MSMEs. So that this service activity is focused on helping the application of financial reports to MSME actors in Kedungdowo Village. The purpose of this simple financial report application activity is to teach and assist MSME actors in making simple reports and provide important knowledge of making financial reports in running a business. In this mapping, the KKN team used survey and interview methods to obtain information data on MSME actors. By holding this financial report application program, it can provide additional insight for MSME actors about making simple financial reports and the importance of financial reports in the business world. or business.

Keywords: Financial Report, Application, MSMEs

1. Introduction

The Micro, Small and Medium Enterprises (MSMEs) sector in Indonesia is one of the pillars of the Indonesian economy apart from the cooperative sector (Kusumastuti, 2022). The development of the number of MSMEs from year to year is increasing (Gendalasari & Riyadi, 2022). The development of MSMEs can only be seen in terms of numbers. In order to increase opportunities, capabilities and protection of SMEs, various policies on SME empowerment have been established which are carried out by fostering a business climate that supports the development of Micro, Small and Medium Enterprises and the development and guidance of Micro, Small and Medium Enterprises (Maulana et al., 2021; Alinsari, 2021). Although the number of MSMEs is increasing and has a major impact on the national economy, they still experience problems in the process of business development (Arifin et al., 2021; Rinaldi et al., 2022)). Some of the problems faced by MSMEs include limited knowledge of making financial reports, how to access additional capital, business development and finance, legal aspects and taxation (Arsjah et al., 2022). Most MSME actors manage their businesses with minimal knowledge and skills about managing good finances, so they often only rely on personal experience and intuition (Rafik & Rahayu, 2020).

MSME financial reports should not only be made but can be analyzed to determine and evaluate the financial condition of the business for business sustainability (Vasquez et al., 2021; Resmi, Pahlevi & Sayekti, 2021). With this implementation, it will facilitate efforts to compare business development every year for business sustainability. Financial reports are one of the most important things in establishing and running a business, especially in MSMEs (Dewi et al., 2020). Therefore, it is necessary to record financial reports regularly and neatly arranged (Leuz & Wysocki, 2016). This is useful for providing the required and reliable information regarding financial statements that are presented fairly. This can be used to determine the situation and condition of the entity and help users of financial statements make the right decisions.

Based on the above problems, it is necessary to make efforts to improve the development of MSMEs, including holding an MSME application program run by the government to assist capital both on credit and own capital which is not burdensome for MSME actors. Assisting the application of financial reports to MSME actors is to train the simple

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financial reports. In addition, training in making simple financial reports for MSMEs both from the aspects of entrepreneurship, management, administration and knowledge of accounting for profit bookkeeping in financial reports (Kuddus, 2019).

This financial analysis training was held in collaboration with MSME actors in Kedungdowo Village. In carrying out applications for MSME actors, they really need financial report analysis training. Based on interviews with MSME actors in Kedungdowo Village, problems that can be identified include: (a) MSME actors do not understand good bookkeeping; (b) MSME actors do not understand accounting based on SAK EMKM; and (c) MSME actors do not know how to make financial reports. Based on the existing phenomena, it is necessary to conduct training on making financial statements and analyzing financial statements for MSMEs. With this implementation, it will facilitate efforts to compare business development every year for company sustainability.

In this application, the team chose about five MSMEs in Kedungdowo Village, including Green Bean, Jetak Coffee, Batu Bata, Enak Cake and Bakery, and Kerupuk businesses. Based on this background, it is necessary to organize training in making financial statements and analyzing financial statements for MSMEs in Kedugdowo Village (Saifudin et al., 2021). By holding the financial statement analysis training, it is hoped that it will be able to provide knowledge that can be applied in real terms so that MSMEs will grow and realize a stronger Indonesian economy in the future. This training aims to provide knowledge and understanding of making and analyzing financial reports that can be beneficial in the long term.

This community service activity is expected to provide good benefits for the surrounding community, especially MSME actors, understanding the importance of analyzing financial reports so that they can improve MSME performance and business continuity and facilitate transactions, so that the expected end result can increase sales and profits for MSME actors. Therefore, the KKN team conducted a mapping of MSMEs in Kedungdowo Village by making simple financial reports for MSME players.

2. Methods

In the implementation of community service or KKN (Real Work Lecture), the Faculty of Economics and Business (FEB) KKN team in Kedungdowo Village conducted a mapping of MSMEs in Kedungdowo Village with the theme of applying simple financial reports. The stages and methods of implementing activities are to conduct direct interviews with MSME actors and provide direction on how to apply simple financial reports to the businesses being run. The following are the stages and methods used:

1. Social Reflection Stage
   At the social reflection stage, service providers coordinate with MSME owners first to get information about the problems that exist in MSMEs. Coordination with MSME actors was carried out in the first week after deployment.

2. Social Mapping Stage.
   After conducting social reflection and obtaining details of the problems and potentials of the targeted MSMEs, the servant conducts social mapping or creates a 'driving structure' to continue the programs that will be designed in the long term. At this stage, the KKN team recorded the MSMEs in Kedungdowo village. After obtaining the data, the KKN team took 5 MSMEs in Kedungdowo village.

3. Implementation and Evaluation Stage (Action)
   The last stage carried out is the implementation and evaluation stage. This stage was held on August 28, 2023, and September 11, 2023. At this stage, the KKN team visited each MSME actor to obtain detailed information. This activity informed MSME actors about the importance of making financial reports on the businesses they run.

The following are the SMEs targeted by the KKN team:

- **Green Bean Business**

As presented in Fig. 1., a survey of Mrs. Narti's mung bean MSME was conducted to interview and provide knowledge about how to apply simple financial reports and the importance of making simple financial reports to facilitate business operations.



Fig. 1: Visiting Mrs. Narti's House



Fig. 2. View of the Mung Bean Drying Process

- **Jetak Coffee Business**

Fig. 2. illustrated a survey of Pak Yanto's coffee jetak MSMEs was conducted in order to conduct interviews and provide knowledge about how to apply simple financial reports and the importance of making simple financial reports to make running a business easier.



Fig. 3: View of the Coffee Bean Grinding Process

- **Brick Business**

As shown in Fig. 4. and Fig. 5. where a survey of Mrs. Sri's Jetak Coffee MSME was conducted to interview and provide knowledge about how to apply simple financial reports and the importance of making simple financial reports to facilitate the running of the business.



Fig. 4: View of the Brick-Making Process



Fig. 5: Photo with the Owner of MSME Bata

- **Enak Cake and Bakery Business**

Fig. 6-8 illustrated a survey of Mr. Amelia's Jetak coffee MSME was conducted to interview and provide knowledge about how to apply simple financial reports and the importance of making simple financial reports to facilitate business operations.



Fig. 6: Interviewing Ms. Amelia



Fig. 7: Viewing the Catering Manufacturing Process



Fig. 8. Sample of Enak Cake and Bakery Products

- **Crackers Business**

Judging from the Fig. 9. and Fig. 10. shown a survey of Mr. Faiz's Jetak coffee MSME was conducted to interview and provide knowledge about how to apply simple financial reports and the importance of making simple financial reports to facilitate business operations.



Fig. 9: Teaching Financial Report Application



Fig. 10: Group photo with the Owner of MSME Crackers

3. Results

The results of the activity of applying simple financial reports to MSMEs in Kedungdowo which was carried out on August 28, 2023, and on September 11, 2023, are as follows:

a. Green Bean MSMEs: August 28, 2023

b. Jetak Coffee UMKM: August 28, 2023

c. Brick MSMEs: August 28, 2023

d. Enak Cake & Bakery MSMEs: September 11, 2023

e. Crackers MSMEs: August 28, 2023

The final result obtained after the implementation of these activities is that MSME owners can apply the preparation of simple financial reports and understand the benefits of the importance of making simple financial reports for the businesses they run.

4. Discussion

The process of applying simple financial statements begins with an agreement between the KKN team and MSME actors so that the goals we convey can be well received. The first impact generated in the process of applying this simple financial report is being able to provide knowledge that can be applied in real terms so that MSMEs in Kedungdowo village will grow and realize a stronger economy in the future. The second impact is to improve the performance of MSMEs and business continuity and facilitate transactions, so that the expected end result can increase sales and profits for MSME actors.

5. Conclusion

The implementation of the program to apply simple financial reports to five MSME actors went well without any obstacles and in accordance with the planning set by the KKN team. With the application of simple financial reports,

MSME actors feel helped by this program. After this program, MSME actors can understand how to make simple financial reports and record expenses and income in a structured manner.

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Conflict of Interest

The authors declare no conflicts of interest.

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