

Preparing Financial Statements For MSEs: The Coaching Assistance In Ulu Saddang Village Of South Sulawesi

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Abstract

This community service helps and guides individuals or small entrepreneurs, especially micro and small enterprises (MSEs) Ulu Saddang Village, Lembang District, Pinrang Regency. This study aims to describe the community program. The method of this community uses Participatory Action Research. Some approaches are classical form with a discussion, question and answer, and simulation with the intention that the material which can be well received by society. It is hoped that after this service program, the participants will have knowledge and insight as small entrepreneurs who are skilled in managing finances and also find opportunities to increase family finances as a provision to improve their standard of living to be better.

Keywords: Community Service, Financial Statements, MSE

INTRODUCTION

Micro and medium enterprises (MSEs) according to (Halim, 2020) are independent productive businesses carried out by individuals or business entities that are not subsidiaries or not branches of companies owned by individuals. In addition, small and medium enterprises, according to Hendiarto (2021) economic activities carried out by individuals or households or an entity aim to produce goods or services for commercial trade and have a sales turnover of one billion rupiah or fewer. Meanwhile, medium-sized enterprises are defined as economic activities carried out by individuals or households or an entity aimed at producing goods or services for commercial trade and have a sales turnover of over one billion rupiah.

Based on the Law of the Republic of Indonesia No. 20 Chapter I Article I of 2008 concerning Micro, Small and Medium Enterprises 10 explains that small businesses are independent productive economic businesses carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or become either directly or indirectly from medium enterprises or large businesses that meet the criteria for small businesses. Meanwhile, medium-sized enterprises are productive economic

businesses that standalone carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or part either directly or indirectly with small businesses or large businesses with the amount of net worth or annual sales proceeds. Based on several definitions of small and medium enterprises above, it can be concluded that a small and medium business is a business run by someone with an idea of creativity that can open business vacancies that can absorb labor and can reduce the unemployment rate with the criteria of having a total net worth or annual sales results. According to the Law of the Republic of Indonesia No.20 Chapter IV Article 6 states that the criteria for small and medium enterprises are as follows:

1. Small Business comprises a) Have a net worth of more than Rp. 50,000,000.00 (fifty million rupiah) up to a maximum of Rp. 500,000,000.00 (five hundred million rupiah) excluding land and buildings for business premises, or b) Have annual sales of more than Rp. 300,000,000.00 (three hundred million rupiah) up to a maximum of Rp. 2,500,000,000.00 (two billion five hundred million rupiah).
2. Medium Enterprises comprise a) Have a net worth of more than Rp. 500,000,000.00 (five hundred million rupiah) up to a

maximum of Rp. 10,000,000.00 (ten billion rupiah) excluding land and buildings for business premises, or b) Have annual sales proceeds of more than Rp. 2,500,000,000.00 (two billion five hundred million rupiah) up to a maximum of Rp. 50,000,000.00 (fifty billion rupiah).

Based on the achievements and targets of the Performance Indicators of the Cooperatives, Small and Medium Enterprises Program of Pinrang Regency in 2019 - 2024, it is reported that in 2020 the number of cooperatives was 374 cooperatives and Micro Enterprises 20,767 businesses (Source: Strategic Plan Document for Changes in the Office of Cooperatives and MSEs of Pinrang Regency in 2019-2024). Many cooperative businesses and micro-enterprises are a superior potential that needs to be developed properly. If you look closely, the existence of MSEs is quite dilemmatic. On the one hand, its existence is considered a helper because it is better able to survive in times of economic crisis and is the fulcrum of people's hopes. Because its existence can provide many job opportunities, reduce poverty, unemployment, and urbanization flows, as well as the driving force of national and regional development.

Ulu Saddang Village, MSE actors are familiar with *cash on hand*, but most do not have knowledge of managing financial statements even though it is simple so that the flow of funds in and out cannot be used optimally. Good financial statement management can describe good accounting records (Maulana, 2018). So that accounting is data / information as inputs and outputs that are presented as financial information and are useful for internal and external users of an entity. The accounting cycle includes identifying transactions, recording, endeavoring to the stage of preparing financial statements (Lusy, 2022).

According to Daniel (1987) that to increase business success, there are four main competencies that need to be possessed by MSE managers, namely: technical competence, marketing competence, financial competence, human relation competence. Lazy bookkeeping techniques or MSE accounting

systems are usually associated with bookkeeping administration, starting from recording financial transactions to presenting reports (Suratman, 2003). The reason MSE actors do not use accounting, among others, is that accounting is considered something difficult and unimportant. MSE actors find it difficult if they have to use accounting in their business activities (Basmar, 2021). The difficulty of accounting is public incomprehension that causes non-comprehensive recording. For example, the purchase of equipment is recorded as a cost, but at the end of the period, no adjustments are made to the use of the remaining equipment. In addition, there is a purchase burden placed on operational costs, while the purchase cost is a component of the cost of goods sold. Mistakes in recording often occur, especially in MSEs, who understand that accounting literacy is still lacking (Widayanti, 2017).

MSE actors in implementing financial records experience difficulties due to limited knowledge about accounting science, the complexity of the accounting process, and the assumption that financial statements are not important for MSE entrepreneurs (Melati, 2020). Financial statements are a form of MSE accountability, a record of financial information of an entity that can describe the performance of MSMEs and are useful for making business decisions. The benefit of the report is that it summarizes financial health at a certain point in time, provides insight into its performance, operations, cash flow, and overall condition to make it easier for banks to provide loans as people's business loan (Hendiarto, 2021).

The performance of MSEs should be paid attention (Putri, 2022; Frihatni et al., 2022). They could contribute to the national income through tax (Rayyani et. al, 2019). Thus, efforts to develop MSEs become a must and need the involvement of related parties. According to Hendiarto (2021) the ideal mechanism in empowering MSEs is to involve all relevant parties, such as State-owned Enterprise, Cooperatives and MSEs, Chamber of Commerce and Industry, the Department of Industry and Commerce and Universities in an

integrated and holistic manner through a clear division of tasks and roles. The involvement of the government is mainly the provision of training and capital funds, training facilities, and the creation of a healthy business climate, then the involvement of experts in universities to provide education and training and assistance. Parepare State Islamic Institute, as one of the Higher Education Institutions through its Educators (Lecturers) participates in fostering and developing the competence of human resources for MSE actors, especially related to assistance in making simple financial reports. This activity is packaged as Community Service Activities: Assistance in making simple financial reports on MSEs in Ulu Saddang Village, Lembang District, Pinrang Regency.

METHOD OF IMPLEMENTATION

The method of this community uses Participatory Action Research approach. Service team will analyze the needs of this service target. After that, the service team will have a meeting with one owner of this gamelan industry and we will focus on his financial reporting. The problem faced by partners is the lack of knowledge related to simple financial management and reporting. The problem solving suggested by this service team is to provide assistance related to simple financial reporting for micro entrepreneurs in Ulu Saddang Village. The target audience of this activity is MSE actors. Implementing activities as delivering materials for preparing simple financial statements has been accompanied by implementing financial records, then training using direct recording on the cash book and inventory book. In this activity, a cash book and inventory book are included for direct practice so that partners better understand the financial records submitted in the service program. Submission of material for the provision of financial statements and simple financial records that will be carried out, among others:

1. The delivery of material on preparing financial statements is simple.
2. Training by guiding each stage in carrying out financial records.

RESULTS AND DISCUSSION

The preparation stage is carried out by visiting Micro and Small Enterprises in the gamelan industry center of Pendem Village. The service team conducts a survey on what partners need related to the activities that have been carried out there, namely regarding their business activities. However, after the running of Micro and Small Business activities in Ulu Saddang Village, it turned out that there were obstacles to its operational activities. Indonesian Bank, (2022) defines financial management as an action to achieve financial goals in the future. Partners do not understand how business finances should be processed. This results in finances in business activities as if no profit is obtained. So that operational money and profits are mixed and operational activities are only fixated on the turnover of existing money. So micro and small enterprises in Ulu Saddang Village proposed to the service team to hold assistance and training related to preparing financial reports so that the business activities carried out are more monitored related to the finances of the results of the entrepreneurship program. Implementing the service was held based on the request of partners, namely business actors in UMK in Ulu Saddang Village. Mitra said that they do not yet have qualified knowledge regarding the simple financial reporting process. So, the service team initiatively submit internal funding with a community service proposal which is usually held once a year, to hold service activities for service partners to provide training in preparing simple financial statements. Activities have been carried out offline. The training was held on Tuesday, August 30, 2022, and was attended by the father of the MSE business actor in Ulu Saddang Village. Training on preparing simple financial statements is guided by the service team. Starting with the opening and direction and hospitality, training in preparing financial statements, it can be seen from figure 1 below:



Figure 1. Presentation

The delivery of the material and the speaker were delivered by Mrs. Andi Ayu Frihatni. The delivery of the material begins with the presentation of power points about simple financial records, as seen in figure 2. Implementing community service activities in this activity, the implementation team made preparations for implementing activities, starting with discussing the material that would be presented to partners. The ability of partners to manage finances is necessary so that the business implementation process can run effectively. Recording of cash and inventory is carried out so that the finances of business activities can be monitored properly. The recording is necessary in business activities, at least to see how much profit or loss from a period of business it carries out. This activity is carried out specifically to foster and equip partners to manage the financial results of the business. Partners are given training on how to record cash in and cash out and record existing inventory so that they know how much inventory is left and when to make repurchases to meet inventory. The results of field activities show that partners have been given assistance on the material for preparing financial statements. Assistance with these partners is carried out as coaching, training and assistance in preparing financial statements to business

actors so that partners have a basic concept in preparing simple financial statements and can indicate business profit or loss and monitor inventory. The thing that needs to be applied by partners is the consistency of partners in recording cash and inventory during one period of business activities.



Figure 2. Coaching

CONCLUSION

Based on the results of the service that has been carried out, the partner has prepared simple financial statements, including cash, inventory, and income statements. The preparation of financial statements can help SMEs in Ulu Saddang Village service partners to be used as decision-making. The advice that can be given from the completion of this program is that in the future it is necessary to aid related to cash receivables so that it can make it easier for partners to manage finances.

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