

Training on the Creation and Digitalization of Financial Reports for the Success of MSMEs in the Future

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Abstract

Giving MSMEs sufficient knowledge about the kinds of financial statements they might utilize to support their operations is the aim of this community service. This program also aims to teach MSMEs how to create financial reports and how to use Microsoft Excel to digitize them. On November 5, 2024, this training took place in Jatiendah Village. Case studies and training are the techniques employed in this community service project. Prior to working on comprehensive sample questions for the financial statement preparation process and doing discussion sessions (questions and answers), the speaker first provided information about MSME financial statements. The facilitator remains by the participants' side as they complete the practice questions. After completing this training, it can be said that participants have a sufficient understanding of the different kinds of financial statements, the steps involved in creating financial statements from start to finish, and how to convert manual financial statement recording in books to digital financial statement recording in Microsoft Excel. In summary, this training has been successful in improving participants' comprehension of fundamental accounting principles and the creation and digitization of financial statements. The 10% rise in post test scores above pre test results illustrates this.

Keywords: *digitization; financial statements; MSMEs*

Abstrak

Tujuan dari pengabdian masyarakat ini adalah untuk memberikan informasi yang memadai mengenai jenis-jenis laporan keuangan yang dapat digunakan oleh UMKM untuk menunjang kegiatan usahanya. Selain itu, tujuan dari kegiatan ini adalah untuk memberikan pelatihan pembuatan laporan keuangan bagi UMKM, sekaligus pelatihan untuk mendigitalisasi laporan keuangan tersebut menggunakan Microsoft Excel. Pelatihan ini diadakan pada tanggal 5 November 2024 bertempat di desa Jatiendah. Metode yang digunakan dalam pengabdian masyarakat ini adalah *Case Study* dan *Training*. Pertama-tama, Pembicara melakukan presentasi materi terkait laporan keuangan UMKM, diikuti dengan pengerjaan contoh soal lengkap untuk proses pembuatan laporan keuangan dan sesi diskusi (tanya jawab). Fasilitator mendampingi peserta dalam mengerjakan soal latihan tersebut. Setelah mengikuti pelatihan ini, dapat ditarik kesimpulan bahwa peserta memperoleh pemahaman yang memadai mengenai jenis-jenis laporan keuangan, proses pembuatan laporan keuangan dari awal hingga akhir, serta dapat memahami proses digitalisasi laporan keuangan, dari manual (pencatatan di buku) menjadi digital (pencatatan di Microsoft Excel). Dapat disimpulkan bahwa pelatihan ini berhasil meningkatkan pemahaman peserta mengenai konsep dasar akuntansi dan

pembuatan serta digitalisasi laporan keuangan. Hal ini terlihat dari persentase kenaikan nilai *post test* dari *pre test* sebesar 10%.

Kata Kunci: digitalisasi; laporan keuangan; UMKM

A. INTRODUCTION

MSMEs, or Micro, Small, and Medium Enterprises, are defined by Law Number 20 of 2008 as productive enterprises owned by people or individual business entities that satisfy the legal requirements for micro businesses (Kementerian Keuangan, 2023). Consequently, it may be said that MSMEs are small-scale business entities or individual businesses with particular restrictions on their worker size, sales or turnover, and asset count. It still employs conventional technology and has straightforward company administration (Permana, 2017).

MSMEs undoubtedly play a significant influence in the country's economy (Afriyeni et al., 2023). The majority of MSMEs in Indonesia are home-based enterprises that require a significant amount of labor. There were 65.4 million MSMEs in Indonesia in 2019, according to data from the Ministry of Cooperatives and SMEs. It can accommodate a workforce of 123.3 thousand employees with 65.4 million business units. This demonstrates how MSMEs have a significant impact and contribution to lowering Indonesia's unemployment rate. Increased employee participation in MSMEs will contribute to a decrease in the nation's unemployment rate. MSMEs are currently on the rise, with their numbers rising annually. The Indonesian economy will benefit from this upward trend. MSMEs account for 60.5% of the national GDP, according to data from the Ministry of Cooperatives and SMEs. This demonstrates that MSMEs in Indonesia have enormous potential for growth and increased economic contribution (Kementerian Keuangan, 2023).

The importance of MSMEs to the economy—particularly in Indonesia—cannot be understated. Together, MSMEs make up a sizable labor absorption medium and contribute significantly to the GDP. Nonetheless, MSMEs continue to face

obstacles in growing their enterprises, including inadequate funding or loans and improperly managed business unit assets. One way to solve these two issues is to have a thorough bookkeeping system, which will increase the credibility of business units in the eyes of financial institutions and give them more complete information about their asset positions, which will improve business decision-making (Sanggrama et al., 2020).

Financial statements are records that show the assets, liabilities, equity, revenue, and expenses of an organization during a specific time period. The purpose of this report is to ascertain the company's or business's financial status. When making a decision, financial statements might serve as a guide. In order to facilitate business players' ability to manage a company. Financial statements are prepared to provide entrepreneurs with information about a company's financial situation, employee performance, and changes in that position so they may make decisions in the future. The aforementioned explanation makes it clear how crucial proper financial accounts are to MSMEs' long-term competitiveness (Manek & Nugraeni, 2023).

In order to determine and assess the company's financial health for long-term economic viability, MSME financial statements need not only be prepared but also examined (Arsjah et al., 2022). The issue facing MSME development in Indonesia at the moment is how to raise the necessary funds. With limited money, MSMEs will only be able to hold a small portion of the market. Issues with capital will affect both small and large businesses. Furthermore, Indonesia's MSME sector is still hindered by issues with money for business development, accounting records, and financial management of MSMEs. As a result, MSMEs need to receive training and follow-up on marketing and funding. Numerous loans are available to MSMEs at the

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moment. The issue of financial management, however, is another challenge (Lohanda & Mustikawati, 2018).

For MSME taxpayers, coaching and training in the creation of corporate financial reports is crucial because the financial reports show how profitable the business is, how well it is performing, how well it controls the flow of funds within the business, how much its assets and liquidity are worth, and how well it can manage all of its accounts receivable obligations. However, because accounting is seen as challenging and because of all its restrictions, many MSMEs still believe they do not require it (Prasetyo et al., 2020).

Most of the trainees, who are MSME actors, still do manual and basic financial reporting, which involves entering money (from sales revenues) and spending money that they earn. In order to stay up to date and provide more accurate and comprehensive reports, it is imperative that MSME actors digitize their financial accounts.

Accordingly, Maranatha Christian University's Accounting Study Program is dedicated to providing community service in the form of training on creating and digitizing financial statements for MSMEs. The purpose of this course is also to help participants comprehend the significance of financial statements for MSME actors' business development. This can help MSMEs advance their businesses because, in this globalized era, it is crucial that MSMEs switch from manual financial statements to digital financial reports, which in this case are created using Microsoft Excel.

B. IMPLEMENTATION AND METHODS

Counseling (training) techniques and case study are used in this community service. This approach is employed in this study because, according to the findings of earlier studies, it can improve participants' comprehension of the subject matter being taught (Hidayat et al., 2023). The information on MSME Financial Statements was explained by the speaker. The concept of balance in accounting, fundamental accounting

equations, financial statement kinds, the production of financial statements, and the digitization of financial statements are all covered in the content.

The idea of business unity in accounting is then described. The results of the study of Salampeppy & Juneferstina, (2023) show that the concept of business unity contained in; The first proprietary theory is that business actors (entrepreneurship) as owners (proprietors) who are integrated with the company are seen as having an interest in economic activities and are entitled to the company's profits. Second, entity theory is a corporation as a form of company in which the owner is separated from the company and is represented to the management. Third, enterprise theory is the determination and recognition of other parties outside shareholders (capital owners) as stakeholders who are considered to have an interest in the company's economic activities. For example, management, employees, creditors, suppliers, government, community, and the natural environment. Fourth, shariah enterprise theory is to accommodate the social aspects (stakeholders) that underlie accounting principles and techniques that reflect the values of justice, truthfulness, honesty, trustworthiness, and corporate accountability.

A question-and-answer session with community service participants followed the speaker's completion of the material mapping. In order to conclude the program, practice questions pertaining to MSME financial statements were used to conduct a case study.

The following are the steps involved in carrying out this community service:

The Preparatory Phase

In order to determine what requirements could be met, the service provider surveyed Jatiendah Village during this phase. In order to ensure that the content offered was appropriate, a survey was then conducted to determine who would be participating in the activity. The purpose of the activity proposal is to outline the requirements for the activity, including potential speakers and facilitators. Training materials and topics are developed based on the initial survey.

Phase of Execution

Training exercises are conducted at Jatiendah Village during this time. Following the speaker's presentation, there was a Q&A period and case study work. For the MSMEs they manage, participants can create the proper financial reports. The pre-test is administered prior to the training, and the post-test is administered following the training. This is done in order to assess how well the participants understood the fundamentals of accounting as well as how to prepare and digitize financial statements.

The Evaluation Phase

During this stage, an assessment procedure is conducted for the completed tasks. Among the items assessed are the content's completeness and fit for the participants' demands. the case study's degree of difficulty, the timing of the activity, and the participants' level of satisfaction. The accomplishment of the activity's goals, namely whether participants could comprehend and create appropriate financial reports for MSMEs, was also assessed.

C. RESULTS AND DISCUSSION

Results

At Jatiendah Village, community service projects were conducted on November 5, 2024. MSME actors are the participants in this training.



Figure 1. Speakers' Material Presentation

The session's speaker, Fachri Alwi (Students of the Accounting Study Program, Maranatha Christian University), presented a presentation titled "Basic Concepts of Accounting." There were 20 participants. The reason this training was conducted was because some MSMEs still do not have to prepare sufficient financial reports for their

operations. Still employing manual recording, some MSMEs have not converted their financial accounts to digital format. Initially, the accounting concept of balance is introduced to give a fundamental knowledge of the assumptions used in financial statement creation. The idea of business unity in accounting is then described.

The explanation of the Basic Accounting Equation follows. The fundamental accounting formula is 'Assets = Liabilities + Equity'. The left side is called debit, and the right side is called credit. In the basic accounting equation above, the elements of assets, liabilities, and equity are represented by the increase (addition) and reduction (subtraction) of this credit debit mechanism. However, assuming that credit always denotes a drop and debit always denotes an increase is incorrect. Depending on where the components are located in the accounting equation, the Golden Rule of Accounting states that debits and credits must be added or subtracted. For instance, if an asset is on the left side of the accounting equation, it will be recorded in the left-hand debit column when it rises and in the right-hand credit column when it falls. The right side of the accounting equation contains equity and liabilities. Therefore, it will be noted in the debit column (left) if it falls and in the credit column (right) if it rises (Ulfa, 2019).

Additionally, the several kinds of financial statements that MSMEs employ are described, along with the steps involved in creating them. Balance sheets, income statements, statements of changes in equity, cash flow statements, and notes on financial statements are the components of an entity's financial statements, according to the Indonesian Institute of Accountants (2017) in SAK ETAP (Lintong et al., 2020).

Discussion

The trainees were given the practice questions once the speaker had completed going over the content. Complete financial report forms were supplied along with the practice questions. Standard transactions that take place in MSME company processes are included in the practice questions. Purchases of

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equipment and raw materials, debts and receivables, sales, investments, taking of property, and more are examples of transactions.

Participants are given instructions on how to enter these transactions into the given basic accounting equation. Participants are then given instructions on how to process these transactions starting at the start of the accounting cycle in order to provide accurate and comprehensive financial reports. The facilitator helps participants transition from the manual financial report format to the digital financial report format using Microsoft Excel once they have a firm understanding of the financial statement creation idea.

There was a lively and supportive environment throughout the Q&A session. The trainees were eager to ask questions about MSME financial statements (including how to enter accounts into basic accounting equations, how to conceptualize debits and credits, how to turn existing accounts into financial statements, etc.) and the digitization process (including how to enter accounts into Microsoft Excel and how to automate the process so that they can create accurate financial statements in Microsoft Excel).



Figures 2. Distribution and Filling of Case Studies, Pre Test, and Post Test

The training's output includes the basic equations of accounting form, a manual financial statement form, and digital financial statements in Microsoft Excel format.

It was discovered that following this training, participants' comprehension of the business unit idea, fundamental accounting equations, and financial statement kinds had improved. Additionally, participants have the option to digitize MSMEs' financial reports into Microsoft Excel format. Thus, the training's goal has been accomplished. This aligns with the findings of a study by (Joni et al., 2024). that found that through completing community service projects, partners were able to create financial reports using the Excel program.

To determine the participants' level of comprehension of fundamental accounting principles and the creation and digitization of financial statements, a pre-test was administered at the start of the course. A post-test is administered following the training to see if participants' comprehension of the subject matter has improved. According to the pre-test and post-test results, all participants' post-test scores increased by an average of 10% as compared to the pretest.

D. CLOSING

Conclusion

The training activity was successful in improving participants' comprehension of financial statements that are frequently utilized by MSMEs, according to the results of the exercises that were conducted. This is further demonstrated by the fact that the post-test score increased by an average of 10% above the pre-test score. Using full and digital financial statements (using Microsoft Excel) is becoming more popular among MSME partners who previously used manual and basic financial statements. Participation in this exercise was highly enthusiastically received by the learners. Participants' eagerness to work on the practice questions provided by the facilitator and their active use of critical questioning throughout the discussion session demonstrate this. Additionally, the participants

engaged in this activity from the start of the event until its conclusion.

Suggestion

Based on the outcomes of the training that was conducted, more training exercises are required to help MSME actors in Jatiendah Village use digital financial statements. To help resolve issues that come up throughout the process of creating financial statements by MSME Partners, more discussion sessions are required.

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