

Assistance In Preparing EMKM Standard Financial Statements for MSMEs In the Ulujadi Sub-District, Palu City

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ABSTRACT

The continuity of MSMEs is supported by sound financial management. Financial records play a role in business management to assist owners in making financial decisions. Assistance activities for preparing financial statements are carried out to provide new insights into financial records. Assistance is carried out by directly visiting MSME owners and helping to prepare financial reports. The results of the mentoring activities found that MSME owners did not have adequate financial records. Assistance activities help prepare financial reports according to data availability and have not been prepared according to EMKM standards.

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INTRODUCTION

Small, Medium, and Micro Enterprises (MSMEs) continue to show good development yearly. Based on data released by the Indonesian Chamber of Commerce and Industry (KADIN), MSMEs in 2020 reached 64%, then in 2021 amounted to 65.4% and in 2023 amounted to 66%. This development indicates that Indonesian people have better independence and productivity. The attitude of independence arises due to the limited employment in the office or company sector. At the same time,

community productivity is driven by the desire to improve current and future welfare levels.

MSMEs are a scale of business that is relatively easy to establish compared to other business scales. MSMEs are not burdened with the legality requirements of establishing a business, especially for individuals or partnerships. With a small amount of capital, MSMEs can start their activities. In addition, business activities can be started without many human resources.

Sound financial management of MSMEs can help owners understand their capabilities amid business competition. Brigham and Houston (2012) explain that financial management is managing an organization's financial activities. It includes planning, analyzing, and monitoring financial activities. As evidence of how important financial management is, it helps businesses optimize their value by reducing costs and managing funds effectively.

In general, several problems that often arise regarding managing MSMEs are financial and non-financial. Common financial problems include lack of capital, waste, and fraud. Meanwhile, non-financial problems that commonly occur include limited human resources, lack of training, and weak financial records. (Sabrina, 2021)

Financial recording is a significant element in business management. MSMEs with well-managed financial records can make it easier for owners to manage various revenue and expenditure transactions. However, MSMEs face various obstacles in implementing financial records, such as not understanding the proper form of financial records, having limited time to make records, and not being consistent in recording. Similarly, Ayudhi explained that applying SAK EMKM can encourage the growth of MSME businesses. (Ayudhi, 2020)

Based on the description of the MSME conditions, this PKM activity is carried out to provide education in the form of assistance to MSME owners about accounting or simple financial records. This education is carried out to increase the knowledge of MSME owners about accounting, which is expected to help them understand the condition of their business so that it continues to exist and even develop.

METHODS

This activity was carried out by lecturers of the Sharia Accounting study program, Faculty of Economics and Islamic Business, UIN Datokarama Palu, with the theme "Assistance in preparing financial reports based on EMKM standards for MSMEs in Ulujadi District, Palu City." The implementation of this activity was carried out in several stages. The first stage is to conduct a location observation. The locations chosen were around the Silae village and Kabonena village areas. The two villages have many MSMEs scattered. The second stage is conducting interviews to map the problems often faced by MSME actors in the Ulujadi sub-district. The mapping results show that the problem MSME actors face is the lack of accounting knowledge. The third stage selected several MSMEs with gross yearly sales above 50 million. The fourth stage directly assists MSME owners by visiting the determined MSME locations.

RESULTS AND DISCUSSION

Ulujadi sub-district is one of the most spread areas of MSMEs in Palu. This area contains office complexes, universities, traditional markets, housing, and companies. These conditions trigger the presence and growth of MSMEs in the Ulujadi sub-district area. Based on observations made by the team, assistance was provided to 5 MSMEs located in Kabonena and Silae Villages. The MSMEs that received assistance are as follows:

Owner Name	Business Type
Zeki	Sport Shop
Riki	Mobile Shop
Halik	Furniture
Gun	Workshop
Nanda	Pharmacies

Each member initially discussed business activities and financial recording with MSME owners. Based on the discussion, overall, MSME owners understand the importance of financial records for business activities. MSME owners realize that financial records can be a control in managing finances. MSME owners recognize that good financial records are very supportive of business activities because the information obtained from financial records is the basis for making decisions related to pricing, sales, and purchases.

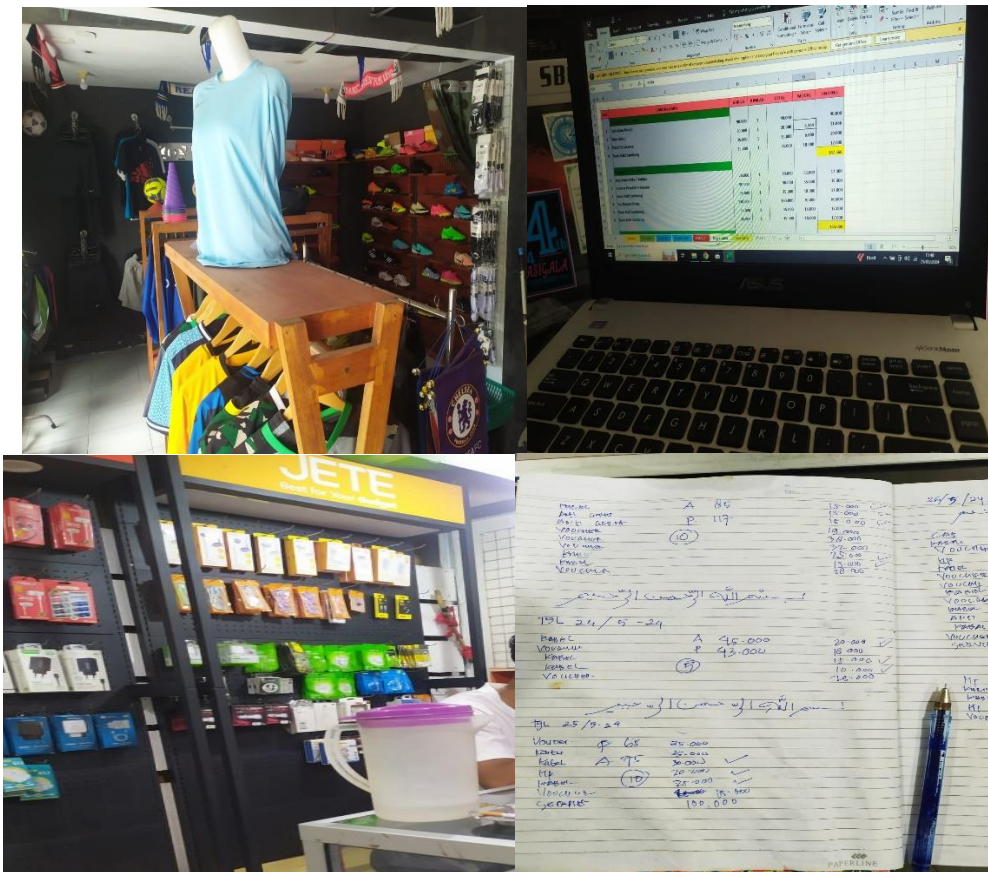
In practice, MSME owners also carry out financial records. However, the recording format for each type of business is different. Most MSME owners still use album books, and some have used the Excel application. Recording is only done for sales that occur; for purchases, MSME owners rely on receipts/invoices/purchase history without recording again.

Financial recording by MSME owners is still limited to sales and purchase activities. Business activities, even if micro or small scale, include various activities such as using assets and loans. From the accounting side, financial records include assets, debts, capital, income, and expenses. (Utari et al., 2022)

Based on these conditions, the team provided simple explanations and practices in financial recording. The explanation was about a simple overview of accounting that MSME owners can practice. The team explained the meaning of assets, debts, capital, income, and expenses. Then, the classification of accounts according to transactions that often occur in MSME business activities will be explained. It must be explained so MSME owners realize the importance of recording these accounts for business continuity. The process involved an active discussion between the team and MSME owners. MSME owners seemed eager to convey the financial records that were usually carried out and told about the various obstacles they encountered.

After providing education, the team also helped prepare simple financial statements for each type of business. The financial statements

created were only balance sheets and income statements. The balance sheet can provide information about the financial condition of the business. In contrast, the income statement provides information about the profit or loss of the business during a specific period. Preparing these two reports requires time and understanding; with them (MSME owners), knowing the usefulness of these reports provides a new perspective for MSME owners in improving financial management.



During the mentoring process, the team found several limitations of MSME owners in making financial reports. *First*, MSME owners do not have sufficient knowledge to make simple financial reports, so they only make simple records. *Second*, most of the MSME owners' time is spent on sales and purchasing activities, so they do not have enough time to make adequate financial records. *Third*, MSME owners rarely participate in financial management training activities.

CONCLUSIONS

Assistance in preparing MSME financial reports is carried out to provide a new perspective on financial management. Assistance is carried out directly to MSME owners to know the problems and obstacles faced in financial recording. However, the team also had limitations in mentoring activities, such as time adjustments with MSME owners and incomplete financial recording data of MSME owners. In the end, the team only made

a balance sheet and profit and loss statement with limited data availability, so the financial statements made did not meet EMKM standards.

MSME owners generally know the importance of financial records, but various limitations are a barrier to making adequate financial records. MSME owners create a recording model according to their needs and the ease of compiling it. Furthermore, there is a lack of participation in socialization activities or seminars on financial recording or accounting.

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