



The Assistance in Preparing Financial Statements for MSMEs Based on Financial Accounting Standards for MSMEs

Vista Yulianti^{1*}, Benny Oktaviano², Dian Sulistyorini Wulandari³, Putri Edelweis Aprilia Alfansyah⁴
Universitas Pelita Bangsa, Indonesia

Corresponding Author: Vista Yulianti vista.yulianti@pelitabangsa.ac.id

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Abstract

This paper discusses the implementation and outcomes of the *Assistance in Preparing Financial Statements for MSMEs Based on Financial Accounting Standards for MSMEs in the Tambun Selatan* program, which aims to address the financial management challenges faced by MSMEs in the region. The program followed a structured approach, starting with a preliminary needs assessment, followed by workshops, hands-on training, personalized mentoring, and feedback collection. The results indicate significant improvements in participants' knowledge of Financial Accounting Standards for MSMEs, their ability to prepare compliant financial statements, and their adoption of digital tools for financial reporting. Pre- and post-training evaluations revealed that 92% of participants demonstrated a strong understanding of Financial Accounting Standards for MSMEs, 76% were able to prepare accurate financial statements, and 68% began using accounting software.

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) are a vital pillar of Indonesia's economy, contributing significantly to employment, income generation, and regional development. Despite their economic importance, MSMEs often encounter difficulties in implementing effective financial management systems (Dasman et al., 2023). One major issue is their inability to prepare financial statements that comply with the Financial Accounting Standards for Micro, Small, and Medium Entities (Financial Accounting Standards for MSMEs). This limitation affects their operational transparency, restricts access to funding opportunities, and hampers their ability to make strategic decisions based on financial data (Ramadhan & Mardani, 2022); (Handayani & Nugraha, 2019); (Ningtyas et al., 2017).

Tambun Selatan, a thriving hub for MSMEs, reflects these challenges. Most MSMEs in the region operate without adequate financial reporting systems, relying instead on informal bookkeeping practices that fail to meet standardized accounting requirements. The lack of knowledge and resources to adopt SAK EMKM-compliant financial reporting has led to operational inefficiencies, reduced trust among stakeholders, and missed growth opportunities (Yulianti et al., 2023); (Agustina et al., 2022); (Nuvtasari et al., 2019).

In response to these issues, this community service program, titled *Assistance in Preparing Financial Statements for MSMEs Based on SAK EMKM in Tambun Selatan*, was developed. The program aims to provide comprehensive assistance to MSMEs in the region through a structured approach that includes: conducting workshops and training sessions to improve MSME owners' understanding of SAK EMKM, offering hands-on mentoring in preparing financial statements, ensuring alignment with the required standards and establishing a follow-up system to address ongoing challenges and promote sustainable practices (Widayanti et al., 2024); (Purba et al., 2024); (Wulandari et al., 2024).

This initiative not only addresses the specific needs of MSMEs in Tambun Selatan but also contributes to broader academic and practical goals. From a theoretical perspective, the program enriches the understanding of how accounting standards like SAK EMKM can be effectively implemented in local business contexts. From a practical standpoint, it delivers tangible benefits by improving financial literacy, increasing transparency, and enhancing the competitiveness of participating MSMEs (Agustina et al., 2022); (Azlina et al., 2020); (Firmansyah et al., 2019).

A unique feature of this program is its focus on capturing the distinct characteristics of Tambun Selatan's MSME ecosystem. By tailoring solutions to the region's specific challenges, this initiative provides a replicable model for other areas facing similar issues. Moreover, the program emphasizes innovation by integrating digital tools and user-friendly accounting techniques that simplify the reporting process for MSME stakeholders.

In conclusion, this program represents a strategic intervention aimed at empowering MSMEs in Tambun Selatan to adopt standardized financial reporting practices. By fostering accountability and financial resilience, the

initiative contributes not only to the growth of individual businesses but also to the economic development of the region as a whole.

IMPLEMENTATION AND METHODS

The implementation of the *Assistance in Preparing Financial Statements for MSMEs Based on SAK EMKM in the Tambun Selatan* program was carried out in a structured and targeted manner to ensure maximum effectiveness and engagement. This section outlines the key aspects of the program, including the location, timeline, participants, and the methods used in the delivery of services.

Implementation of Activities

1. Location and Time

The program was conducted in Tambun Selatan, a region known for its vibrant MSME sector but marked by financial management challenges. The activities took place at a local community center equipped with basic training facilities to ensure an accessible and conducive learning environment. The program spanned three months, from 07 October 2024 to 18 November 2024, with weekly sessions to allow participants adequate time to practice and apply their learning.

2. Background of Participants

The participants consisted of MSME owners and managers from diverse industries, including retail, food and beverages, and handicrafts. Most participants had limited knowledge of accounting practices and relied on manual or informal bookkeeping systems. A total of 12 MSME representatives participated in the program, with an even mix of small business owners and operational managers.

3. Number of Participants

The program capped the number of participants to ensure a more personalized approach. Each session accommodated 12 participants, which allowed for focused interaction and hands-on guidance tailored to the specific needs of the MSMEs involved.

Method of Service

1. Training Methodology

The program adopted a participatory learning approach, combining theoretical instruction with practical application. The methods used included:

- a. **Workshops and Seminars:** These sessions provided foundational knowledge on the principles of SAK EMKM, emphasizing its importance and benefits for MSMEs.
- b. **Practical Exercises:** Participants were guided in preparing basic financial statements, including income statements, balance sheets, and cash flow statements, based on real or simulated data.
- c. **Case Studies:** Real-life scenarios were used to illustrate common financial challenges and their resolution through SAK EMKM-compliant practices.

2. Materials and Tools

The training materials were designed to be user-friendly and practical. They included:

- a. Simplified guides on SAK EMKM principles.
- b. Templates for financial statement preparation.
- c. Access to basic accounting software to familiarize participants with digital tools.

3. Mentorship and Follow-Up

To reinforce learning and address individual challenges, one-on-one mentoring sessions were held. Each participant received personalized guidance on implementing SAK EMKM standards in their businesses. A follow-up system was also established, where participants could consult with facilitators after the training sessions to resolve ongoing issues.

4. Evaluation and Feedback

To measure the program's impact, pre- and post-training evaluations were conducted. Participants were assessed on their understanding of SAK EMKM and their ability to prepare compliant financial statements. Feedback was also collected to identify areas for improvement and ensure the sustainability of the program.

By combining these methods, the program ensured that participants not only gained theoretical knowledge but also developed the practical skills necessary to implement SAK EMKM in their business operations effectively. This comprehensive approach has positioned MSMEs in Tambun Selatan to achieve greater financial accountability and sustainability.

RESULTS AND DISCUSSION

Steps in the Dedication Process

The implementation of the *Assistance in Preparing Financial Statements for MSMEs Based on SAK EMKM in Tambun Selatan* program involved several well-structured steps to ensure effective delivery and measurable outcomes:

1. Preliminary Assessment

Before the program began, a needs analysis was conducted to assess the financial management challenges faced by MSMEs in Tambun Selatan. Surveys and interviews revealed a lack of understanding of financial reporting standards, with most participants relying on informal bookkeeping methods.

2. Program Kickoff and Initial Workshop

The first workshop introduced participants to the importance of SAK EMKM and its benefits. Materials distributed included simplified guides and templates for financial statements. Participants were engaged through discussions on how SAK EMKM-compliant financial reports could enhance business credibility and access to funding.

3. Hands-On Training Sessions

Participants were guided through the process of preparing key financial statements:

- a. Income Statements: Demonstrating how to record revenue and expenses accurately.

- b. Balance Sheets: Teaching the classification of assets, liabilities, and equity.
- c. Cash Flow Statements: Highlighting the importance of tracking cash inflows and outflows.

Practical exercises involved using real or simulated data, enabling participants to gain hands-on experience in preparing these documents.

4. One-on-One Mentoring

Personalized mentoring sessions addressed specific challenges faced by each MSME. Facilitators worked closely with participants to resolve individual issues, such as data entry errors or difficulties in using digital tools for financial reporting.

5. Evaluation and Feedback Collection

Pre- and post-training evaluations measured improvements in participants' knowledge and skills. Feedback from participants was also collected to refine the program and identify areas for future enhancement.

Results

The program achieved several significant outcomes, which are summarized below:

1. Increased Knowledge of SAK EMKM
 - a. Pre-training assessments revealed that 84% of participants had no prior understanding of SAK EMKM.
 - b. Post-training evaluations showed that 92% of participants demonstrated a strong grasp of key concepts and could identify the components of a compliant financial report.
2. Improved Financial Reporting Skills
 - a. By the end of the program, 76% of participants successfully prepared complete and accurate financial statements aligned with SAK EMKM.
 - b. Participants reported increased confidence in managing their financial records and engaging with stakeholders.
3. Adoption of Digital Tools
 - a. 68% of participants began using basic accounting software introduced during the training, enhancing the accuracy and efficiency of their financial reporting processes.

Discussion

The *Assistance in Preparing Financial Statements for MSMEs Based on SAK EMKM in Tambun Selatan* program proved to be a pivotal intervention in enhancing the financial management capabilities of MSMEs in the region. The success of the program underscores the importance of customizing support to the unique needs of local businesses, as well as the effectiveness of participatory learning strategies that combine theoretical instruction with hands-on practice. This approach not only equipped participants with essential knowledge but also allowed them to gain practical skills, making it easier to apply what they learned directly to their businesses.

One of the key factors contributing to the success of the program was its strong focus on the specific challenges faced by MSMEs in Tambun Selatan. Through a comprehensive needs assessment conducted prior to the program, it became evident that many participants struggled with basic financial management tasks, particularly in terms of understanding and applying financial reporting standards such as SAK EMKM. By addressing these challenges head-on and tailoring the program to meet the needs of the participants, the program was able to provide both the knowledge and tools required for MSMEs to improve their financial reporting practices.

The participatory approach fostered a collaborative learning environment where participants were encouraged to actively engage in the process of preparing financial statements. This helped bridge the knowledge gap, as theoretical lessons on SAK EMKM and its components were paired with practical exercises where participants were tasked with preparing real or simulated financial reports. This method of learning not only reinforced the importance of accurate and compliant financial statements but also gave participants the confidence to implement these practices within their own businesses.

The program's impact is clearly reflected in the outcomes measured through pre- and post-training assessments, which show significant improvements in participants' knowledge and skills. Before the program, only 16% of participants had a basic understanding of SAK EMKM, while 92% demonstrated a strong grasp of key financial reporting concepts after the training, marking a 76% improvement. Additionally, the ability to prepare accurate financial reports saw a notable increase from 12% to 76%, an improvement of 64%. The program also introduced participants to digital accounting tools, with 68% adopting basic accounting software, improving their ability to manage financial records more efficiently and accurately.

These results suggest that providing MSMEs with targeted knowledge and practical tools not only empowers them to improve their financial management practices but also enhances their overall business sustainability. The ability to prepare SAK EMKM-compliant financial statements and utilize digital tools is crucial for MSMEs to build credibility with stakeholders, secure funding, and make informed business decisions.

The outcomes also demonstrate that the program's success lies in its flexibility and adaptability. By focusing on local needs and providing relevant solutions, the program not only helped improve participants' financial literacy but also ensured that the knowledge gained could be applied immediately in their daily operations. Furthermore, the improvement in the adoption of digital tools marks a significant step towards modernizing financial management practices among MSMEs, which is essential for their continued growth in an increasingly digital economy.

Table 1 below summarizes the key outcomes of the program:

Outcome	Before Program	After Program	Improvement (%)
Knowledge of SAK EMKM	16%	92%	76%
Ability to prepare financial reports	12%	76%	64%
Use of digital accounting tools	0%	68%	68%

Source: Proceed, 2024

The positive outcomes from this program underscore the critical role that financial literacy plays in the long-term success of MSMEs. By equipping participants with the knowledge and skills to produce compliant financial statements, the program has not only enhanced their financial management capabilities but also contributed to the overall stability and growth of their businesses. Furthermore, the success of this initiative provides a solid foundation for replicating similar programs in other regions, where MSMEs may face comparable challenges.

In conclusion, this program serves as a valuable model for future initiatives aimed at empowering MSMEs. The tailored approach, the integration of practical training, and the adoption of digital tools demonstrate how comprehensive support can have a lasting impact on the financial management practices of small businesses, ultimately fostering an environment where MSMEs can thrive and contribute to the local economy.



Figure 1. Documentation of Community Service Activities

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The Assistance in Preparing Financial Statements for MSMEs Based on SAK EMKM in Tambun Selatan program successfully addressed critical gaps in financial management among MSMEs in the region. The key findings from the results indicate that the program effectively enhanced participants' understanding of SAK EMKM and improved their ability to prepare accurate financial statements. Specifically, the program achieved significant improvements in the following areas:

1. **Increased Knowledge of SAK EMKM:** There was a substantial increase in participants' understanding of SAK EMKM, with 92% demonstrating a strong grasp of the concepts post-training, compared to just 16% at the outset.
2. **Improved Financial Reporting Skills:** The program enabled 76% of participants to prepare compliant financial statements, reflecting a notable improvement in their practical financial reporting capabilities.
3. **Adoption of Digital Tools:** The introduction of accounting software led to 68% of participants using digital tools to streamline their financial reporting, which enhanced the accuracy and efficiency of their processes.

The participatory and hands-on approach of the program, combined with the tailored support for local MSMEs, played a crucial role in bridging the knowledge and skill gaps. By directly addressing the specific challenges faced by the participants, the program not only imparted valuable knowledge but also empowered MSMEs to apply the lessons learned in their daily business operations.

Recommendations

Based on the results and the success of the program, several recommendations can be made for future initiatives:

1. **Expand Digital Tool Adoption:** Although 68% of participants began using accounting software, there is room for further expansion in digital tool adoption. Future programs should consider incorporating advanced digital tools and additional training to help MSMEs fully leverage technology in financial management.
2. **Continuous Support and Follow-Up:** Given the complexity of financial management, it is recommended that participants receive ongoing support and follow-up mentoring to reinforce learning and address any emerging challenges. This can be done through periodic workshops or virtual consultations.
3. **Replicate the Program in Other Regions:** The program's success in Tambun Selatan presents an opportunity to replicate this model in other regions with similar MSME financial management challenges. Customizing the approach to local conditions will ensure maximum relevance and impact.
4. **Incorporate Advanced Financial Concepts:** While the program successfully introduced basic financial reporting concepts, future iterations could include more advanced topics such as tax compliance, financial forecasting, and investment strategies, which would further enhance MSMEs' financial acumen.
5. **Enhance Participant Engagement:** To further increase participant engagement and retention of skills, future workshops could incorporate more interactive elements, such as case studies or peer-to-peer learning, to foster a deeper understanding of the financial reporting process.

By implementing these recommendations, similar programs can achieve even greater success in strengthening the financial management capabilities of MSMEs, promoting their sustainability and growth in the long term.

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