

Assistance in Financial Reporting for Micro, Small, and Medium Enterprises (MSMEs): A Case Study of Frozen Food Segara Biru in South Tambun District

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ABSTRACT

Micro, small, and medium enterprises (MSMEs) play a crucial role in the local economy, including in the South Tambun District. However, MSMEs often face challenges in accurate and effective financial reporting. The lack of understanding of important aspects of financial reporting can hinder the growth and sustainability of their businesses. This activity aims to provide assistance and development in financial reporting to Frozen Food Segara Biru, an MSME located in the South Tambun District. In this assistance program, we collaborate with the business owners and their financial staff to enhance their understanding and skills in transaction recording, financial statement preparation, financial performance analysis, and sound financial management strategies. The methodology used is a collaborative approach, where we involve the business owners and financial staff in every step of the assistance process. We provide training and guidance on the concepts and practices of good financial reporting, as well as practical guidance on the use of accounting software or cloud-based applications to facilitate financial recording and reporting. It is expected that the results of this assistance will enhance the understanding and financial reporting skills of Frozen Food Segara Biru, which, in turn, will assist them in making better business decisions, improving operational efficiency, and accessing better financial resources such as loans or investments. Through this research, we hope to provide new insights into the importance of assistance and development in financial reporting for MSMEs, as well as offer practical recommendations for further development in this area. By supporting MSMEs in improving their financial reporting practices, we contribute to their overall growth and contribute to the local economy's development.

Keywords: Financial Reporting, MSMEs

INTRODUCTION

Micro, small, and medium enterprises (MSMEs) play a significant role in the country's economy (Ondang et al., 2019). MSMEs contribute significantly to job creation, reducing unemployment rates, and boosting economic growth (Novitasari, 2022). In Indonesia, MSMEs are the backbone of the economy, with a large number of businesses spread across various sectors (Kadeni & others, 2020).

Despite their immense potential, MSMEs often face various challenges that can impact the success and sustainability of their businesses. One of the main challenges faced by MSMEs is financial reporting (Utarindasari et al., 2021). Accurate and structured financial reporting is crucial for MSMEs to monitor their financial performance, gain access to better financing options, and build business relationships with external partners (Nurdiniah et al., 2023).

In this context, providing assistance in financial reporting to Frozen Food Segara Biru, an MSME in the South Tambun District, becomes highly relevant and important. This MSME faces

challenges in preparing accurate financial reports that comply with the applicable accounting standards. Therefore, the assistance in financial reporting aims to provide support and guidance to the MSME owner and management team in preparing reliable and accurate financial reports.

This assistance is expected to bring significant benefits to Frozen Food Segara Biru. Through this assistance, the MSME owner and management team can enhance their understanding and skills in financial reporting, implement effective financial record-keeping systems, and produce accurate and relevant financial reports.

Furthermore, this assistance is also expected to have broader positive impacts. MSMEs with accurate and structured financial reports can gain trust from external parties such as investors, banks, and business partners. This opens doors to business development opportunities, better financing options, and an expanded business network.

The methods used in this financial reporting assistance include training, development of financial record-keeping systems, and guidance in financial report preparation. Through a practical and targeted approach, it is expected that Frozen Food Segara Biru can overcome the challenges they face and enhance their ability to prepare accurate financial reports in accordance with the applicable accounting standards.

This financial reporting assistance also recognizes the importance of technology adoption in financial record-keeping. In the ever-evolving digital era, computerized financial record-keeping systems can provide significant advantages for MSMEs. Therefore, this assistance will help the MSME adopt computerized financial record-keeping systems that are suitable for their business needs and scale.

In addition to providing direct benefits to Frozen Food Segara Biru, this financial reporting assistance also has broader implications for the overall development of MSMEs. By providing assistance and guidance to MSMEs, it is hoped that this assistance can serve as an example for other MSMEs in terms of good financial reporting practices. The progress and success of Frozen Food Segara Biru in preparing accurate and relevant financial reports can motivate other MSMEs to enhance their capabilities in this area.

Financial reporting assistance for MSMEs can also contribute to strengthening the overall MSME ecosystem. MSMEs with accurate and structured financial reports will find it easier to access financing, establish strategic partnerships, and gain trust from external parties. Thus, this financial reporting assistance can help enhance the growth and competitiveness of MSMEs overall and contribute to local economic development.

METHODS

In the implementation of this Community Service, several methods are used to assist UMKM Frozen Food Segara Biru in preparing good financial reports. The methods used include observation, interviews, direct mentoring, training, and analysis and evaluation. Through observation, direct observation of the financial management process in the UMKM is conducted. Then, through interviews with the owner or manager of the UMKM, a deeper understanding of the challenges faced in preparing financial reports is obtained. With direct mentoring, the community service team provides guidance and support to the UMKM in preparing financial reports that comply with the standards. In addition, training is tailored to the needs of the UMKM to enhance their knowledge and skills in accounting. After the preparation of financial reports, analysis and evaluation are carried out to check the accuracy, completeness, and consistency of the reports. With the implementation of these methods, it is expected that UMKM Frozen Food Segara Biru can develop their ability in preparing good financial reports, thereby improving financial management and making better decisions for the growth of their business.

RESULTS

The results and discussions of the financial reporting assistance program for Frozen Food Segara Biru MSMEs in Tambun Selatan Subdistrict provide a deeper understanding of the importance of preparing accurate financial statements in accordance with applicable accounting

standards. The following are some of the results and discussions that can be concluded from the program:

1. Identifying challenges in financial reporting: During the assistance program, several challenges faced by Frozen Food Segara Biru MSMEs in preparing financial statements were identified. These challenges include a lack of understanding about the importance of financial reporting, limited accounting knowledge, and reliance on manual recording methods. In the discussions, an in-depth analysis of these challenges was conducted to understand the root issues and find appropriate solutions.
2. Increased understanding and skills in financial reporting: One of the main outcomes of this assistance program is the enhanced understanding and skills of the MSME owners and management team in preparing accurate and relevant financial statements. Through intensive training and guidance, they have gained knowledge on the importance of separating personal and business financial records, preparing financial statements such as balance sheets, income statements, and cash flows, and interpreting financial information for decision-making purposes.
3. Utilizing technology in financial recording: During the assistance program, Frozen Food Segara Biru MSMEs were introduced to the implementation of computerized financial recording systems. The use of technology in financial recording can provide benefits such as time savings, higher data accuracy, and ease in generating financial statements. In the discussions, various applications and software that can be used for this purpose were introduced and explained.
4. Positive impact on MSMEs and the overall MSME ecosystem: Through financial reporting assistance, Frozen Food Segara Biru MSMEs can experience significant positive impacts. They can improve the quality of their financial statements, enhance their understanding of the financial condition of their businesses, and consequently improve their decision-making abilities. Additionally, accurate and structured financial statements can increase trust from external parties such as potential business partners and financial institutions, opening opportunities for better access to financing and strengthening the overall MSME ecosystem.
5. Challenges and solutions: In the discussions, it is also recognized that financial reporting assistance may come with its own challenges, such as time constraints, limited resources, and changes in accounting regulations that may affect financial statement preparation. However, these challenges can be overcome with appropriate solutions. Some solutions that can be implemented include:
 - a. Improving education and training: Providing more intensive education and training to MSME owners and management teams on the importance of financial reporting and basic accounting skills. This can be done through workshops, seminars, or regular training sessions.
 - b. Utilizing accounting software: Using user-friendly and accessible accounting software to assist in financial recording and report preparation. This software can help reduce human errors, improve efficiency, and generate more accurate and structured financial statements.
 - c. Consulting with accounting professionals: Involving accounting professionals such as accountants or financial consultants to provide advice and guidance in preparing financial statements. They can help ensure that the financial statements comply with applicable accounting standards and provide valuable insights in interpreting financial data.
 - d. Leveraging MSME networks and external resources: Utilizing available resources within the MSME network, such as cooperatives or business associations, to share knowledge,

experiences, and resources related to financial reporting. Additionally, leveraging external resources such as financial institutions or authorities that can provide assistance and support in terms of financing or meeting financial reporting requirements.

In the discussion, it was mentioned that the results of financial reporting assistance to UMKM Frozen Food Segara Biru can serve as an example or best practice that can be adopted by other MSMEs. The experiences and lessons learned from this activity can serve as a reference to improve the quality of financial reporting and financial management in other MSMEs in the surrounding area.

Overall, the results and discussions from the financial reporting assistance to UMKM Frozen Food Segara Biru demonstrate the importance of accurate and compliant financial reporting. Through enhanced understanding, the use of technology, and appropriate solutions, MSMEs can optimize their financial management, improve access to financing, and strengthen their position within the MSME ecosystem. Therefore, this activity provides significant benefits to MSMEs and contributes positively to the development of the local economy.

CONCLUSION

Based on the results and discussions from the financial reporting assistance to UMKM Frozen Food Segara Biru in Kecamatan Tambun Selatan, it can be concluded that accurate and organized financial reporting is crucial for MSMEs in managing their finances. It provides necessary information to measure financial performance, identify potential improvements, and make better business decisions. However, UMKM Frozen Food Segara Biru faces challenges in preparing financial reports due to limited knowledge, skills, resources, and time.

The assistance provided in financial reporting has helped UMKM Frozen Food Segara Biru enhance their understanding of the importance of financial reporting, learn basic accounting skills, and apply best practices in preparing financial reports. Additionally, the use of appropriate accounting software has provided benefits in recording and managing financial transactions more efficiently, reducing human errors, improving the accuracy of financial reports, and simplifying the reporting process.

Involving accounting professionals in consultations also provides valuable benefits. They can provide guidance and advice in preparing financial reports in compliance with applicable accounting standards, help interpret financial data, and make better decisions based on that information. Furthermore, MSMEs can leverage external networks and resources such as cooperatives, business associations, financial institutions, or regulatory bodies to share knowledge, gain support, and enhance compliance with financial reporting requirements.

The results of financial reporting assistance to UMKM Frozen Food Segara Biru can serve as an example or best practice that can be adopted by other MSMEs. The experiences and lessons learned from this activity can serve as a reference to improve the quality of financial reporting and financial management in other MSMEs in the surrounding area. Therefore, it is recommended for MSMEs to continue enhancing their understanding and accounting skills, utilizing appropriate technology, and collaborating with external stakeholders to support the development and sustainability of MSMEs in the future.

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