



The Role of Business Financial Reporting Assistance for SMEs in Cepogo Boyolali

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Abstract

Training and support of SMEs' financial records are necessary so that entrepreneurs can have knowledge and skills in managing the financial management of each enterprise. The problem faced by SMEs Village Cepogo is the lack of financial management science that results in minimal knowledge and skills in SMEs financial management; no valid calculation of the value of the sale offered; no trace of SME's financial records. This dedication activity aims to improve knowledge and understanding of the management of SMEs Village Cepogo finance; to improve the skills management of the SMEs Village Cepogo financial; to enhance the effectiveness of the economy SMEs Town Cepogo. The solution to the problems implemented is to provide advice related to the management of SMEs Village Cepogo finance as well as to conduct training and support for the administration of SMEs Village Cepogo. The result of the accompaniment is that the participants have financial reports of the enterprise and can calculate the production costs to determine the selling price, this activity is followed with high enthusiasm by the SME actors who cooperate with BUMDES Cepogo.

1. Introduction

Business financial reports are information about business development that can describe the progress or decline of a business. Forms of business management accountability that must be reported to support management decision making for long-term business sustainability. The problem that often occurs in small businesses is that bookkeeping is still done very simply, usually only recording the amount of money received and the amount of money that goes out, the number of goods coming in and goods going out, the amount of receivables or debts that do not follow the guidelines in preparing financial reports. The real. Based on this, business actors have difficulty measuring and proving whether their business performance has increased or not (Sari, D. N. et al., 2023). Most MSME actors' ability to prepare financial reports is still relatively low, but MSME business performance is quite good. The ability to prepare financial reports of MSME actors is still low, this is influenced by

the lack of accounting knowledge, training and education level of business actors. The majority of MSMEs managed by women often have concurrent duties in running their business as both housewives and business actors. pay attention to financial management because the impact is not clearly visible or does not directly affect the continuity of the business.

Apart from the ability to prepare financial reports for MSMEs which is still low, research conducted (Dwi,S. & Mangifera, L, 2022). Adds references regarding several factors that influence the performance of MSMEs. The results of his research show the conclusion that internal factors consisting of human resource aspects, financial aspects, production/operational engineering aspects, and market and marketing aspects have a significant and positive influence on the performance of micro and small businesses with a contribution of 0.792 or 79, 2%. Meanwhile, external factors consisting of aspects of government policy, socio-cultural and economic aspects and aspects of the role of related institutions have a significant and positive influence on the performance of micro and small businesses with a contribution of 0.254 or 25.4%. An aspect that influences MSME performance apart from the ability to make financial reports is human resource competency. Because human resource competency in small businesses has a significant relationship to the performance of MSMEs (Herispon, 2018).

MSME players who have the ability to prepare financial reports properly in accordance with financial accounting standards will be wiser in channeling the funds they have to advance their business and become calculation data in determining how much capital must be spent and how much profit will be obtained. So, to achieve successful business performance, it is necessary to keep transaction records, financial management, credit management from financial reports (Mangifera, L. et al., 2021). The results of research conducted by Whetyningtyas & Mulyani (2016) on embroidery and convection MSMEs in Padurenan Kudus village show that the ability to prepare financial reports for MSMEs influences MSME performance (Sadiqin, A, 2020).

Boyolali Regency is a district that has quite large potential for MSMEs to be developed. In the last five years the agricultural, forestry, livestock and fisheries business sectors have dominated the economic structure of Boyolali Regency. The potential for communities with large agricultural and livestock farms has great potential to be developed, especially in the Tumang area, Cepogo District. In almost every house, people have businesses ranging from culinary businesses, livestock cultivation to crafts. The potential that exists in Tumang has actually been around for a long time, but due to the lack of managerial knowledge of the people in the area, the potential to make the area a center for MSMEs has not been achieved. This is due to the public's lack of knowledge of managerial science in the form of financial management. The public only relies on market prices without analyzing the production price of each product produced so that the amount of profit cannot always be predicted using data measures.

Based on the results of the team's identification of problems with BUMDES Cepogo through a survey of MSMEs regarding what constitutes a business activity process, one of which is financial management issues. The problem currently faced is the financial aspect and recording sales of MSME products. The people of the Cepogo area sell their products at low prices without calculating the production price. There are many reasons why they sell it at a

cheap price, one of which is the public's lack of knowledge regarding financial managerial science such as making production prices in accordance with the required costs, calculating COGS and analyzing profit and loss statements. Where this financial report is usually used to calculate profits from sales of a product.

Therefore, it is necessary to increase knowledge and skills in managing MSME finances (Wajdi, M. F. et al., 2020). By understanding this management, it can be developed into monthly and quarterly financial reports for each MSME so that the public can monitor their business and the amount of income and expenditure. Seeing the community's enthusiasm for MSME financial management, this service program in collaboration with BUMDES Cepogo Village has carried out mentoring and training activities in MSME financial management to improve skills in MSME financial management. Apart from that, it is also hoped that this can improve the economy of the MSMEs of the Cepogo Village community. Based on this background, the applicant has an interest in assisting business financial management in the MSME sector in Cepogo Village, Boyolali, Central Java.

2. Methods of Implementation

Community service activities for the MSMEs in Cepogo Boyolali Village are carried out offline. The service activity method uses an integrated training approach through lecture and practice methods (Winarso, B.S., & Kurniawati, I.K., 2022). The implementation of the integrated training went through two stages, namely a lecture providing material on Preparing Business Financial Reports which was intended to provide an understanding of the meaning, objectives, benefits and types of business financial reports in accordance with Accounting standards. The second stage, Practical preparation of financial reports is carried out on the second day with student assistance. This stage aims to make it easier for participants how to carry out business bookkeeping and calculate the cost of production. Participants' progress will be evaluated through a pretest and posttest which must be filled in via the registration link and activity attendance so that the impact of implementing this activity can be known on increasing participants' knowledge and skills. The activity roadmap is as follows.

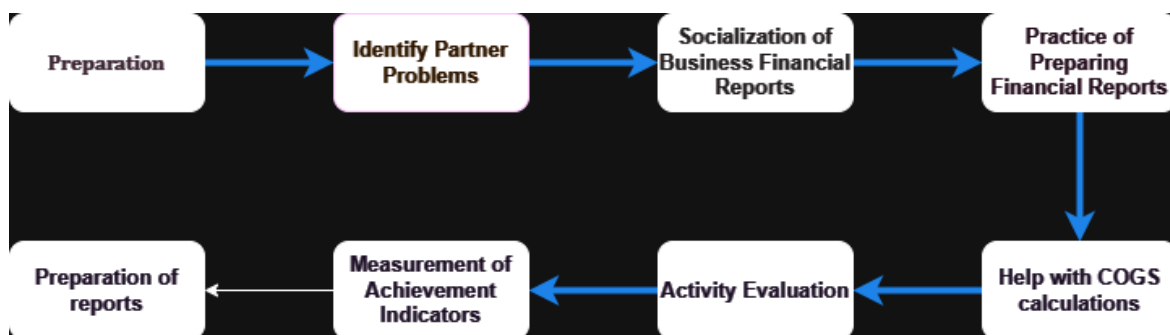


Figure 1. Activity Roadmap

3. Results and Discussion

Financial management assistance activities in Cepogo Village are carried out offline in the BUMDES Hall of Cepogo Village. This assistance is carried out in two stages, namely, (1) Delivery of MSME Managerial Analysis material, and (2) Practical assistance and simulations for making financial reports or bookkeeping for each business actor. Participants in this recording training were business actors from Cepogo Village, namely 16 MSME groups from \pm 5 sub-districts in Cepogo Village, Boyolali. Consisting of MSMEs with craft, culinary and grocery types of businesses.

The first material is about Business Management Analysis. Explanation of general managerial material, analysis of the potential, functions and benefits of MSMEs as well as analysis of production costs, Cost of Goods Production (HPP), and profit and loss reports in financial management of businesses or MSMEs which are used to determine the appropriate costs to be incurred as the basic selling price MSMEs and MSMEs can actually calculate the profit and loss of their business from product sales to see whether the production costs applied are realistic or not. Business Management itself is an activity that aims to plan, organize, direct and supervise. It can be concluded that managerial science is a decision analysis tool to discuss how an organization can achieve its goals in an efficient manner.



Figure 2. Providing Business Financial Report Material

The second material is about simulation assistance and practice in calculating production prices/costs, Cost of Goods Sold (HPP) and profit and loss reports as well as financial bookkeeping practices for each MSME. By analyzing the results of obtaining data obtained from the previous material into a bookkeeping *template* accompanied by presenters and student volunteers. The team continues to monitor the preparation of profit and loss reports and financial reports once a month. The aim of recording financial reports is to monitor developments and evaluate the business results of each MSME every month. The material presented is as follows:

3.1 Production cost

Production costs are capital or funds that must be spent by a company in making a product or service. The calculation of *production costs* or production costs will later become a reference for MSMEs before determining the selling price.

3.2 Cost of Goods Sold (COGS)

Cost of goods sold can be explained as the amount of expenses and expenses that are allowed, both directly and indirectly, to produce goods or services in the conditions and

places where the goods can be sold or used. This calculation is made so that MSMEs know the detailed costs of the product.

3.3 Income statement

An income statement is a report that presents information on expenses, income, and profits or losses generated by a company during a certain period. Through this profit and loss report, business actors or MSMEs can show the financial performance of their business ventures.

3.4 Financial Report Analysis

This material is very important material because this analysis is carried out to test the relationship between accounting numbers and the trend of these numbers in a certain time period. Why is it done? (1). Assess the company's financial condition and business results in the past, present and future predictions. (2) Assess the financial strengths and weaknesses of the business venture. (3) Determine strategies for business funding.



Figure 3. Practices for Preparing Financial Reports

The final result of this training is that participants are required to make financial reports consisting of calculating production costs, Cost of Goods Sold, Profit and Loss Reports and analysis of financial reports. From the results of these records, an evaluation will be carried out by the service team and business actors and post-service monitoring will be carried out on financial records in Cepogo Boyolali Village.

The training activity for financial recording of MSMEs in Cepogo Boyolali Village showed that overall the training material could be understood by participants giving very good responses to the training through practical results and results of financial recording carried out by MSME practitioners. During the training, the participants showed an enthusiastic attitude towards the material presented through question and answer discussions with the training presenters. This reflects that training using the simulation method is very effective in providing motivation and an overview of MSME actors in Cepogo Boyolali Village to be able to analyze business finances and make good and optimal use of financial records.

To evaluate the level of success of this service activity program, an online assessment was carried out by filling in a Google form link, the aim of which was to measure the

effectiveness of the training activities and increase participants' understanding and skills for the sustainability of the activities in the future.

4. Conclusion

Training and mentoring activities in preparing business financial reports are very important for MSME players. It is hoped that the results of this activity will have a positive impact on understanding and skills related to systematic bookkeeping of Cepogo Village MSMEs. Providing training materials and skills can open up insight to business actors that systematic financial management of MSMEs can be utilized optimally to obtain accurate business financial information and maximize profits. The follow-up to this training activity is that in the future MSME players are expected to be able to have financial reports every month by each MSME and collaborate with BUMDES Cepogo.

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