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# PREPARATION OF MICRO, SMALL, MEDIUM ENTERPRISES FINANCIAL STATEMENTS FOR THAI COMMUNITY USING THE MICROSOFT EXCEL APPLICATION

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## ABSTRACT

Micro, Small, and Medium Enterprises (MSMEs) have an important role to develop the economy of ASEAN Countries, particularly in Thailand. To monitor the development of MSMEs, the stakeholders need information about business activities of the MSMEs. The Financial Statement able to give information of business performance in each period of the development of MSMEs. Then, the role of information technology, especially software to support the implementation of financial statement to the enterprises. But, a few of entrepreneur understand how to operate software, particularly Microsoft Excel in making financial statement to the MSMEs. So, the role of scholars from higher education are important to teach the entrepreneur of MSMEs in making financial statements through microsoft excel application. This article aims to describe how the lecturers of business faculty of Universitas Kristen Maranatha, Bandung, Indonesia to train the entrepreneurs of MSMEs in Thailand in making financial statement through Microsoft Excel application. The result of our community service are the entrepreneurs of MSMEs in Thailand understand how to make financial statements using Microsoft Excel application.

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## Introduction.

Micro, Small, and Medium Enterprises (MSMEs) have a significant impact to economy in ASEAN Countries. They contributes 97% and 99% of the firms between 60% and 80% of total employments (Marsan & Sabrina, 2020). Therefore, The MSMEs plays a vital role of economy development in every ASEAN country, particularly in Thailand. So, the government need to measure

the growth of MSMEs in a country. The financial statements are a tool to report business activities from the enterprises to shareholders and stakeholders. Through financial statements, both shareholder or stakeholders able to monitor and value the enterprises performance. Whether the enterprises are going concern or not (Ittelson, 2022).

Pandemic of covid-19 in 2020 have given bad impact to economy of worldwide, i.e. including Indonesia (BKPM, 2021) and Thailand (Kaendera & Leigh, 2021). Moreover, the most of MSMEs in ASEAN countries including Indonesia and Thailand get a risk of bankrupt. The financial statements able to measure whether the MSMEs can be survive to the risk of bankrupt or we call that the MSMEs are going concern. In the other side, the pandemic of covid-19 affects the rise of digital information in every field, especially accounting. Through digital accounting, business able to sustain operational activities in long distances. Hence, digital accounting is the new way of the enterprises to be accountable to shareholders and stakeholders. Until now, digital accounting gives every enterprise to perform accountability in worldwide, no exception MSMEs.

Even if MSMEs need digital accounting but the most of them just form a start-up which have simple structure and unstable funding. Because of MSMEs only have a simple recording in financial report. The Microsoft Excel able to facilitate as tool of making financial statements for MSMEs. Using Microsoft Excel application, MSMEs able to practice digital accounting properly.

The Faculty of Business, Universitas Kristen Maranatha (UKM) in Bandung Indonesia participates in developing MSMEs in Indonesia and also ASEAN, particularly Thailand. The team of lecturer from business faculty of UKM, Indonesia performs activities of community service to MSMEs in Thailand. As other countries in worldwide, the Economy of Thailand fall down in Pandemic of Covid-19 (Kaendera & Leigh, 2021). After the pandemic, Thailand tries to recover their economy through MSMEs as like other countries in worldwide. To support the economy in ASEAN countries, the team of community service from business faculty of UKM, Indonesia deliver knowledge to MSMEs in Thailand about how to present financial statements using Microsoft Excel Application. This community service use lecture method to deliver the knowledge how to present financial statement and the team also demonstrate it using Microsoft Excel application.

The result of our community service is the MSMEs in Thai communities understanding how to make financial statements using Microsoft Excel application. This community service shows the contribution of academicians to develop the improvement of economy in worldwide post pandemic of Covid-19, particularly in ASEAN countries. This community service also contributes to develop collaboration between academician in Thailand and Indonesia.

### **Literature Review.**

MSMEs plays a vital role in the economy of ASEAN Countries. So, every country regulates the development of MSMEs and gives subsidies to the growth of them. But the question is how to measure the growth of MSMEs? Financial Statements presents the information flow of the business activities so that shareholders and stakeholders able to value their performance. Based on the financial statements, the government able to measure the growth of MSMEs.

Pandemic of Covid-19 have hit hard every country in the worldwide including the ASEAN Countries. Although the economy of Thailand have recovered post the pandemic but the activity of economy does not rebound yet as like pre-pandemic (World Bank, 2022). One of economy foundation in Thailand is the entrepreneurs of MSMEs. The most of economy foundation in ASEAN Countries are supported by MSMEs (McCawley, 2019). But the development of economy activities from MSMEs are slower than the private enterprises and state-owned enterprises in the capital market.

The most of MSMEs have not enough funding to develop their business activities in economic competition. Because the entrepreneurs of MSMEs have a few of information about how to get capital from banking or other capital investment institutions. The entrepreneurs have the variant of level education but the most of them only have the level of education between junior and senior high school. So, they have not skill to search the information about the sources of capital. The roles of government and higher education become important to support the development of MSMEs. The government able to support the growth of MSMEs through the friendly regulation and the subsidies of capital. The higher education can contribute to deliver the knowledge about the various of factors in developing MSMEs.

One of factors to develop MSMEs are how to present their business activities of day to days operation in the form of reporting. Financial Statements are standard reporting to present business

activities information in worldwide. Almost of the enterprises in worldwide utilize financial statement in delivering business information to investors and creditors. Based on standards of International Financial Reporting Standards, the entire of enterprises able to present financial statement accepted globally in the worldwide. Because of the entrepreneurs of MSMEs also need to understand how to present financial statements in recording and reporting their business activities.

The main of financial statements consist of statement of financial position, statement of changes in equity and statement of profit or loss (PKF International Ltd., 2022). The supplement of the statement is statement of cash flow. Based on statement of profit or loss, the investor, owner and creditor able to value and monitor the performance of MSMEs. Both owners or investors need to assess the changes of their equity, whether they add or cut their capital from the enterprises, through statement of changes equity. In statement of financial position, all of interest parties can value how the enterprises operate business activities from one period to next period. Then every interest parties also get the information about how the enterprises use cash flow to perform business activities in one period.

However, in pandemic Covid-19, all of communities in the worldwide do social distancing in their relationship, including the enterprises, particularly MSMEs. They must communicate through online platform, i.e. zoom meeting, microsoft teams, google meet, webex, etc. So, after the pandemic, the habit of communities is facilitated by digital platform. Therefore, the way of enterprises to present financial statements also are done by digital platform, for example Microsoft Excel application. No exception, the MSMEs must utilize digital application, i.e. Microsoft Excel, to present their financial statements.

In digital technology advancement, the enterprises should adapt to the changes of technology so that they survive in rivalry market. If the enterprises can't follow the changes of market, they will be bankrupt. The digital technology advancement able to drive the disruption at the enterprises or organizations in the worldwide (Busulwa & Evans, 2021). The enterprises must change the ways to operate and to inform their business activities.

Technology Acceptance Model (TAM) suggested how the capability, attitudes and behavioral belief of enterprises utilize specific technology (Ursavaş, 2022). So, the usage of digital technology in the enterprises depend on the belief and attitudes of entrepreneurs himself. If the entrepreneur has low level of his belief to apply the technology, it is hard for the enterprises to accept the technology. How good are the technology to the enterprises depend on how believe are the entrepreneur to implement it. The entrepreneur must perceive that the technology is good for his enterprise.

The role of academicians from higher education are very important to convince the entrepreneurs about how good are the technology applied in their enterprises. The academician able to deliver knowledge about the specific technology to the entrepreneurs and employee. So, the entrepreneur and employee understand regarding the advantages and disadvantages of the technology. This article conjecture that if the knowledge of the technology is understood by the entrepreneurs, they tend to implement the technology. Therefore, in our case, if the entrepreneurs of MSMEs understand about the benefit of the applied technology, i.e. Microsoft Excel application, to present the financial statements, they tend to use the application in presenting the statements.

### **Method.**

The research method used by the author is a case study. A case study is a method used to evaluate or analyze an activity or program (Creswell & Creswell, 2018). Researchers made observations of a community service activity that had been carried out in the form of withdrawing information about recording financial reporting for MSMEs, especially simple financial reporting using the Excel application. The object of research in this activity is the Thai people.

The case method carried out by the researcher will be divided into various stages, namely the material preparation stage, the preparation stage for making cases, the completion stage using the Excel application, and the stage for presenting material, cases and solutions to the Thai people. The explanation for each stage will be explained by the researcher in detail in the discussion section.

### **Discussion.**

This study provides an overview of the activities carried out by the author by conducting community service to the people of Thailand regarding recording financial reports for MSMEs using the Excel application. This activity was carried out through a collaboration between Maranatha Christian University and Pancasakti University of Tegal, the Eastern Institute for Integrated Learning

in Management, and the Thai Global Business Administration Technological College Thailand. This activity is carried out from the third to the seventh of November 2022.

Activities carried out in various stages, namely:

1. Material Preparation Stage

At this stage the service team prepares material to be presented to the people of Thailand. The team first collected material regarding MSME activities both in Indonesia and in Thailand. The role of MSMEs for a country is very important and is one of the driving wheels of a country's economy. Based on the collection of MSMEs data in Indonesia, the following are the various MSME scales in Indonesia:

Table 1. MSMEs Scale in Indonesia

Class	Percentage
Micro	89.17%
Small	4.74%
Medium	3.11%
Large	2.98%

Source: processed from <http://www.depkop.go.id/data-umkm>,

Financial recording for an MSMEs is also an important thing to do, but sales are currently not only made onsite but also sales are made online. Changes in the MSME sales process certainly affect the process of recording the finances of an MSME. The service team is interested in helping MSMEs in recording financial reports by using the Excel application so that financial records become more transparent.

The service team first began to compile the basic concepts of accounting to make it easier for MSMEs to record financial reports. The basic concepts of accounting are explained using simple cases in everyday life so that they are easy for MSME owners to use. The following are some examples of explanations of accounting concepts presented in power point:

## Basic Concepts

1. Business *separate from* owner and non owner (business unit).  $\text{Asset} = \text{Liability} + \text{Capital} + \text{Revenue} - \text{Expense}$
2. Revenues recognize when goods or services are rendered to consumers (accrual).
3. Expenses recognize when business assets, owner, or non owner are used and run out of economic benefits for business (accrual).



*Fig. 1. Accounting Basic Concepts*




*Fig. 2. Example of Accounting Concept Cases*

Figure 1 and Figure 2 are simple explanations of the basic concepts of accounting for MSMEs that will be conveyed by the team to the people of Thailand. This simple explanation is expected to make it easier for MSME owners to record MSME activities that occur.

## 2. Cases Preparation Stage

At this stage, the service team prepares simple accounting cases that are commonly faced by an MSMEs. The team made a case using MSMEs in Thailand, this was done so that Thai people would more easily understand the examples given. The team used simple accounting examples, such as providing examples for transactions that often occur or daily transactions that occur in MSMEs, such as buying and selling transactions.


The following is an example of a simple transaction that occurs in MSMEs:



# CASE HAPPY MART

Transactions and events that occurred during August 2022:

Date	Transactions
03	Borrowed money from a Bank, THB 2,000.
04	Purchased merchandise inventory for THB 3,500 cash.
04	Purchased merchandise inventory for THB 1,500 credit.
05	Paid a total of THB 600 to rent a building for three months, at a rate of \$200 per month.
10	Sold merchandise inventory for THB 7,000 cash. The cost of merchandise inventory is THB 3,500.
15	Sold merchandise inventory for THB 3,000 credit. The cost of merchandise inventory is THB 1,500.
25	Paid employees salary, \$1,000 cash.
31	Depreciation expense for this month is THB 100 (THB 3,600/(3 years x 12 months).
31	Tax income owed is THB 740 (assuming the tax rate is 20%)



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*Fig. 3. Transaction Cases in MSMEs*

The case presented in Figure 3 is a simple case that occurred in an MSME called Happy Mart. Happy Mart is an MSME engaged in retail with an owner named Nam. This MSME began to stand with cash funds from Nam and Nam also made investments in the form of equipment to support MSME activities. Figure 3 shows several activities that will be recorded financially. The next team

will record transactions using a simple accounting journal and the team will use the Excel application to record their accounting.

### 3. Stages of Completing Cases Using the Excel Application

The service team at this stage will answer cases or solve cases using the Excel application. Accounting records that were previously done manually are now experiencing changes using technology. One of the changes that have occurred in accounting records is the use of application tools in simple accounting records, such as the use of the Excel application. Recording using the Excel application will make it easier for MSMEs to record every transaction that occurs and make it easier to prepare simple MSME financial reports.


The following is an example of accounting records and the form of financial reports recorded in the Excel application:

03


## CASE HAPPY MART

Borrowed money from a Bank, THB 2,000


Happy Mart					
General Journal					
Date	Ref	Code	Account	Debit/Left	Credit/Right
03/08/2022		1-110	Cash	THB 2,000	
03/08/2022		2-130	Bank Payable		THB 2,000




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*Fig. 4. Recording of Accounting Transaction*



Happy Mart		
Statement of Financial Position		
31/08/2022		
Code	Account	Total
<b>Current Assets</b>		
1-110	Cash	Rp 11,900,00
1-120	Account Receivable	Rp 3,000,00
1-130	Merchandise Inventory	Rp -
1-140	Prepaid expenses	Rp 400,00
<b>Total Current Assets</b>		<b>Rp 15,300,00</b>
<b>Fixed Assets</b>		
1-210	Business equipment	Rp 3,600,00
1-220	Acc. Depreciation of Equipment	Rp 100,00
<b>Total Fixed Assets</b>		<b>Rp 3,500,00</b>
<b>Total Assets</b>		<b>Rp 18,800,00</b>
<b>Liabilities</b>		
2-110	Account payable	Rp 1,500,00
2-120	Unearned Revenue	Rp -
2-130	Bank payable	Rp 2,000,00
2-140	Tax payable	Rp 740,00
<b>Total Liabilities</b>		<b>Rp 4,240,00</b>
<b>Equity</b>		
3-110	Capital, Nam	Rp 14,560,00
3-120	Nam's Drawing	Rp -
<b>Total Capital</b>		<b>Rp 14,560,00</b>
<b>Total Liabilities &amp; Capital</b>		<b>Rp 18,800,00</b>



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*Fig. 5. Example of MSMEs Financial Statements*

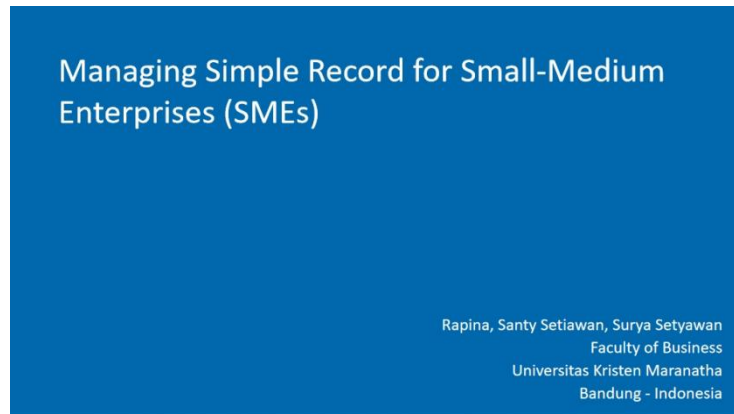
Figure 4 and Figure 5 are examples of solutions using the Excel application that has been compiled by the service team. At this stage of completion, the team will try to explain using the Excel

application directly so that changes can be seen in the financial statements every time a transaction occurs at MSMEs. This is to show the people of Thailand, that by using technology or using Excel application tools, the preparation of financial reports becomes more effective and efficient.

#### 4. Presentation Stage

At this stage the service team began preparing presentations to convey to the people of Thailand about simple recording using the Excel application. The service team made a live presentation in Thailand on the seventh of November 2022 at the Thai Global Business Administration Technological College, Thailand.

The following is an example of a power point that has been prepared to be delivered directly to the people of Thailand:



*Fig. 6. Presentation of MSMEs Financial Statements*

In this part of the presentation, in addition to conveying the role of MSMEs in the economy of a country, the presenter also informed about MSMEs in Indonesia, so that Thai people can also get to know MSMEs activities in Indonesia. The presenter presented all the material, starting from explaining the basic concepts of accounting, giving examples of cases of MSME activities in Thailand, and completing or recording financial transactions using the Excel application. Due to time constraints in presenting, the presenter presented the case and settlement of the case on one slide to make it easier for participants to understand direct accounting records for each transaction, as shown in the following figure:

15

## CASE HAPPY MART

Sold merchandise inventory for THB 3,000 credit.  
The cost of merchandise inventory is THB 1,500

Happy Mart General Journal						
Date	Ref	Code	Account	Debit/Left		Credit/Right
15/08/2022		1-120	Account Receivable	THB	3.000	
15/08/2022		4-110	Sales			THB 3.000
15/08/2022		5-110	Cost of Good Sold	THB	1.500	
15/08/2022		1-130	Merchandise Inventory			THB 1.500

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*Fig. 7. Completing Accounting Cases*

### **Conclusions.**

The community service activities carried out by the service team are to provide understanding to the people of Thailand in carrying out simple accounting records for MSMEs. The stages carried out by the service team began with preparing material in the form of an explanation to Thai people about the basic concepts of accounting, then continued with preparing cases in the form of MSMEs in Thailand and providing various examples of daily transactions that MSMEs usually deal with. Furthermore, the service team resolves cases using the Excel application by recording each transaction previously stated using the Excel application. In the last stage, the service team made a presentation directly to the people of Thailand to provide a thorough understanding of simple accounting records, starting from the journal stage to compiling MSME financial reports.

It is hoped that this community service activity will provide an overview to the people of Thailand regarding simple accounting records for MSMEs, so that MSMEs can provide transparent financial reports for every activity that occurs in these MSMEs. In addition, this activity is also expected to help MSMEs to record finances more effectively and efficiently because they use the Excel application. The author provides suggestions in the form of for the next community service activities to be able to convey material directly by practicing the Excel application directly so that changes can be seen directly in the financial statements every time a transaction that occurs is recorded in Excel. In addition, it is hoped that various MSMEs in Thailand or in other countries can participate in this activity so that the service team can get to know MSMEs from various countries and can assist various MSMEs in carrying out simple accounting records using the Excel applications.

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