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APPLICATION OF BASIC ACCOUNTING CONCEPTS WITH TRAINING METHODS FOR PREPARATION OF FINANCIAL STATEMENTS FOR BUSINESSES

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ABSTRACT

Micro, Small and Medium Enterprises (MSMEs) are the driving wheels of the economic cycle, because SMEs are able to absorb a large workforce. They are one form of business that can survive and contribute to large growth in gross domestic product. The accounting cycle is the process of each accounting which is carried out by searching for analysis, recording using processes which are carried out repeatedly and analyzing existing records. SAK EMKM is very helpful for SME owners in implementing accounting in their businesses to make it easier to prepare finances according to standards. Based on SAK EMKM, SME actors are required to make proper reports, namely by keeping daily, weekly, monthly and annual financial records because financial reports are very important for the progress of a business. If we relate it to our hypothesis, SAK EMKM has not been carried out in Cireundeu, considering that Cireundeu SMEs only make Income and Expenditure reports. In particular, the implementation of accounting for SMEs in Cireundeu Village still has the same problems as several regions in Indonesia, so solutions and approaches to increasing SME accountability must be prepared by a user-friendly and systematic accounting process guide based on EMKM by SME managers.

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INTRODUCTION.

The financial report is the final result of the recording process which is a summary of all financial transaction activities that occurred during the relevant financial year (Mulyati, Hati, & Rivaldo, 2021). Micro, Small and Medium Enterprises (SMEs) are the driving wheels of the economic cycle, because SMEs are able to absorb a large workforce, they are one form of business that can survive and contribute to large growth in gross domestic product (Nuha & Isdarini, 2022). SMEs really need an external role to provide education regarding business management, for example regarding accounting and preparing financial reports (Farhan, Novriansa, Kalsum, & Mukhtaruddin, 2020). In the implementation of small, medium and large businesses, financial reports have their own role for SME business owners. The objectives of financial reports include providing information about the entity's cash flows, financial position and financial performance which provides benefits for most users of financial reports. Most forms of companies in Indonesia are dominated by Micro, Small and Medium Enterprises (MSMEs), but they are not the ones who control the economy in Indonesia (Martusa & Meythi, 2023).

The accounting cycle is the process of each accounting which is carried out by searching for analysis, recording using processes which are carried out repeatedly and analyzing existing records. The accounting cycle consists of: 1) Identifying transactions, 2) Creating or receiving original evidence, 3) Recording transactions in the journal, 4) Posting transactions, 5) Preparing the trial balance before adjustments, 6) Making adjusting journal entries, 7) Trial balance after adjustments, 8) Preparing financial statements, 9) Closing entries, 10) Post-closing trial balance, and 11) Reversing entries. Regular and orderly accounting recording is essential because through recording, every business owner can clearly determine the quantity of production goods needed and the profit or loss experienced by the business.

Several researchers have conducted training for SME actors, from which it can be concluded that the implementation of accounting information systems can demonstrate an increase in SME actors' knowledge of accounting cycles (Hakiki, Yusnaini, & Khamisah, 2021). Subsequently, researchers concluded that providing accounting introduction assistance would enhance MSMEs' knowledge of accounting records (Andayani et al., 2022).

Therefore, the training activity carried out by Universitas Kristen Maranatha delves into the Financial Statements that business owners or SME must possess. Students who visited Cireundeu Indigenous Village provided training on how to efficiently and effectively create financial statements. With the training conducted in the method of financial statement preparation delivered by Universitas Kristen Maranatha students, it can be implemented by Cireundeu Indigenous Village.

THEORY AND HYPOTHESIS DEVELOPMENT.

Financial reports are a means of information about the financial condition of a business and assessing how a business is performing in a specified period. The aim of making financial reports is to provide information regarding the performance condition and financial position of a business so that it can be useful for business owners to develop their business. Therefore, financial reports that have been prepared and presented in accordance with Accounting Standards and are accounted for will be able to increase the trust of external parties.

SMEs have been made easier with the Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM) which have been issued by IAI, SAK EMKM can be used as of January 1 2018 Financial Accounting for Micro, Small and Medium Entities (SAK EMKM). SAK EMKM is very helpful for SMEs owners in implementing accounting in their businesses to make it easier to prepare finances according to standards. Even though SAK EMKM seems very simple, it can provide good and correct information in preparing financial reports. The application of SAK EMKM for two consecutive years in the entity's financial statements is prepared using basic accrual and business continuity assumptions. There are still many SMEs in Indonesia that have turned to implementing accounting in their financial records, there are still many SMEs that face obstacles in preparing their own general SAK Financial Reports.

Based on SAK EMKM, MSME actors are required to make proper reports, namely by making daily, weekly, monthly and annual financial records because financial reports are very important for the progress of a business (Kirowati, 2019). During the Revolutionary Era, technological advances made it easier for MSME business actors to develop their businesses and the implementation of SAK

EMKM was also established to facilitate the preparation of financial reports for MSMEs which was very helpful (Siregar, 2021). Thus, it can be concluded that the industrial era 4.0 has greatly influenced how MSMEs develop their businesses.

According to IAI SAK EMKM is a financial standard to improve the function of transparency and accountability of entity financial reporting which can advance MSMEs in Indonesia. This standard is easier to implement than using the Entity Accounting Standards Without Public Accountability (SAK ETAP), because SAK EMKM is a standard that regulates various transactions that occur in SMEs (IAI, 2016).

SAK EMKM is made simply and easy to understand, because basically these SMEs have human resources who still don't understand accounting science, don't have the funds to use technology that facilitates accounting information, and don't have the capital to use accountants. So, with the existence of SAK EMKM, it is hoped that it can provide a way out for changes in accounting records for SME owners for the better. SME owners are not confused when preparing financial reports because predetermined standards are provided and they can apply for credit funding easily.

RESEARCH METHOD.

The type of research that the author conducted in the Cireundeu Cimahi Traditional Village used primary data. Primary data means the type of data obtained directly by researchers by carrying out several activities to obtain information from the Cireundeu Traditional Village, including using interviews, filling out questionnaires, observing and surveying the residents of the Traditional Village.

The data collection technique in this research is by distributing questionnaires to every MSME in the Cireundeu Cimahi Traditional Village who will be used as research respondents and the results of the questionnaire will be detailed and explained according to the results obtained in the questionnaire. This research focuses on the activities carried out by the author to find out how people who have small businesses (MSMEs) apply the basic concepts of Accounting to make Financial Reports.

RESULTS AND DISCUSSION.

Financial bookkeeping can be said to be the center of information for a business. In bookkeeping, we can see the financial condition of a business, both from income and expenses. Apart from that, you can also develop strategies according to your budget. Financial literacy is very closely related to financial management. The higher the level of financial awareness, the better the financial management skills will be (Lamere & Meythi, 2023). Making financial reports or simple financial bookkeeping can minimize the risk of loss in a business. This training activity was carried out to prepare financial reports, using Excel Accounting which was created previously. Participants are trained in preparing financial reports and introduced to the cash flow system assisted by Microsoft Excel software. Regarding cash flow, participants were given insight into the importance of classifying operational cash flow, investment, funding, and evaluation (Yusmaniarti & Ekowati, 2019). This training aims to ensure that business actors understand and are able to prepare business cash flow reports so that in the future they will be more orderly in carrying out financial records so that they can measure the amount of expenses, income and profits obtained. Apart from that, the next goal is for business actors to be able to make strategic decisions based on the interpretation of the cash flow reports that have been prepared.

The various problems faced by MSMEs are generally very different and the cases are varied. The resource person's presentation during training is often followed by many questions submitted by the participants. We also use this preparation method while still using a manual system using paper on which financial reports have been prepared. This training on preparing MSME financial reports was carried out in 2 stages. The first stage was carried out with learning activities by Accounting Lecturers at Universitas Kristen Maranatha for all Thematic KKN students. After that, it continued with the second stage, namely, students delivered material on preparing financial reports. This activity was attended by 9 people.

In this second stage, we fill in the financial reports manually. For every transaction, we first explain why the transaction is included in the existing account type. During the presentation of the material and the recording of the material, the residents of the Cireundeu Traditional Village were

confused about each transaction. In this way, we Thematic KKN students helped in filling out the financial reports.

Apart from that, we also carried out the Hypothesis Testing stage through Pretest and Posttest, which was carried out during the activity. Based on the results of this test, it can be shown that if the pretest and posttest data are not normally distributed, then the Wilcoxon test is used and if the data is normally distributed then paired hypothesis testing can be carried out (Martusa & Meythi, 2023). The results of the *pretest* and *posttest* can be seen in Table 1 as follows.

Tabel 1. Results Pretest and Posttest.

1	50	70
2	40	70
3	80	80
4	60	80
5	40	50
6	70	70
7	60	80
8	60	70
9	60	80

Table 1 shows that there were 9 respondents who filled out the pretest and posttest questionnaires, which were then carried out using a normalistic test, the aim of which was to test whether the data was normal or not. The following limits in the Kolmogorov Smirnov Sample are used:

- a. Data is normally distributed if Sig > 0.05 and
- b. Data is not normally distributed if Sig < 0.05.

Table 2. Normality Test. Kolmogrov-Smirnov Sample Test.

	Pretest	Posttest
Asymp. Sig. (2-tailed)	0.166	0.02

The results of the data normality test in the pretest and posttest activities show that there is a sign indicating that Sig is >0.05. Based on Table 2, the results of the Kolmogorov-Smirnov test show that the data is normally distributed, namely 0.166 and 0.02 > 0.05. Based on these results, we will continue with paired hypothesis testing. This test is carried out to state statistical hypotheses including the following sections:

- H0: There is no difference in the pretest and posttest results.
 H1: There is a difference in the results of the pretest and posttest.
 The results of pairwise hypothesis testing can be seen in Table 3.

Table 3. Results of Paired Hypothesis Testing.

Keterangan	t	df	Sig. (2-tailed)
Pair 1 Pretest-Posttest	0.637	9	0.065

Table 3 shows the results of paired hypothesis testing from pretest and posttest data. The result of paired hypothesis testing is 0.065 and this value is greater than the value $\alpha = 5\%$. So these results show that H1 is rejected, namely there is no difference in the pretest and posttest results or the scores are relatively the same. This proves that accounting training participants experience similar knowledge regarding accounting records during training and also during testing.

After we carried out this activity, we conducted an interview with Mrs. Neneng who carries out financial reporting for MSMEs in Cireundeu. The results of this interview showed that this activity broadened their insight into knowing how to write MSME financial reports. This activity also opened

the eyes of residents that the simple financial reports prepared by Cireunde MSMEs were not enough. This training is really needed by the Cireunde community, especially for young people because they are the foundation of the Cireunde community, in preparing detailed financial reports. If we relate it to our hypothesis, SAK EMKM has not been implemented in Cireunde, considering that Cireunde SMEs only make Income and Expenditure reports.

In general, it appears that MSMEs still experience deficiencies in financial recording which is still simple and less useful as a tool for decision making. Therefore, this service activity is very relevant and plays an important role in providing solutions to improve the financial management capabilities of MSMEs so that they can empower them economically and contribute to local economic growth. Apart from that, MSMEs face limitations in terms of knowledge about accounting software or software that can help them in managing their finances. In this digital era, the use of accounting software can facilitate the process of recording and analyzing finances, so efforts are needed to introduce and provide access to this technology to MSMEs. With this activity, we hope that MSMEs can take further action to provide better assistance and support to MSMEs in overcoming challenges related to preparing financial reports and overall financial management (Setiawan, Martusa, Meythi, Rapina, & Rahmatika, 2022). In this way, MSMEs can grow and develop sustainably, make a greater contribution to the economy, and create a positive impact on society at large.

CONCLUSION.

Understanding of financial aspects can be created if it has gone through a series of systematic, structured and intensive processes. MSME players often have difficulty preparing financial and cash flow reports because the education provided is not comprehensive. The training provided previously was only one-way and provided a general overview, without any evaluation and practical implementation of these financial aspects in the business being run. Regular mentoring has an important role in absorbing training knowledge, because in mentoring it will be identified which material is clear and implemented and which material is not yet understood.

Accounting practices in MSMEs referring to SAK EMKM have not been implemented due to the limited accounting knowledge of SME entrepreneurs so they do not practice adequate accounting processes. The non-optimal implementation of accounting practices and the use of accounting information in MSMEs so far is not merely a mistake or shortcoming of SME actors, but is also due to the lack of optimal participation of the government and universities in encouraging and facilitating accounting practices in MSMEs. In particular, the implementation of accounting for MSMEs in Cireunde Village still has the same problems as several regions in Indonesia, so solutions and approaches to increasing MSME accountability must be prepared by a user-friendly and systematic accounting process guide based on EMKM by MSME managers. By holding training in this Thematic KKN activity, it is hoped that it will be able to encourage, provide encouragement and open up broad insight for the participants to be aware and apply it sustainably so that more advanced MSMEs can be realized so that the Cireunde Traditional Village has an improving economy.

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