

Assistance in Preparing Simple Financial Reports for MSMEs D9

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Abstract. This community service activity aims to improve the ability of Micro, Small, and Medium Enterprises (MSMEs) D9 to prepare simple financial reports in accordance with the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM). Based on initial observations, MSMEs D9 do not yet have an adequate financial recording system, still mix personal transactions with business transactions, and do not understand the preparation of profit and loss reports and balance sheets. Through this mentoring activity, participants are equipped with a conceptual understanding of basic accounting, the accounting cycle, and the application of SAK EMKM, and are trained in practically preparing financial reports using Microsoft Excel. The method used is participatory through the stages of needs identification, training, direct practice, and evaluation of results. The results of the activity showed a significant increase in the ability of participants to understand and apply financial recording, where 85% of participants were able to prepare simple financial reports independently. This activity also raised awareness of the importance of financial reports as a basis for business decision-making and access to capital. Therefore, ongoing mentoring is recommended so that standardized financial recording practices can be consistently applied in daily business activities.

Keywords: MSMEs, Financial Reports, Mentoring, SAK EMKM, Excel.

Introduction

Micro, Small, and Medium Enterprises (MSMEs) play a crucial role in national economic development. (Opa et al., 2022) The contribution of MSMEs to the Indonesian economy is significant because this sector is a key pillar in creating jobs, equitable income distribution, and strengthening the economic structure of communities in various regions. Data from the Ministry of Cooperatives and SMEs shows that more than 97% of national economic activity is driven by MSMEs, both in the trade, production, and service sectors. Therefore, the ability of MSMEs to manage their businesses professionally is a crucial factor for national economic sustainability.

However, despite these significant contributions, MSMEs still face various fundamental challenges, particularly in managing their business administration and finances. Research (Widiyanti et al., 2024) at Toko Gaga in Bogor Regency found that most MSMEs still record transactions manually and simply. This recording process is often limited to recording cash inflows and outflows, without any separation between personal and business finances. This situation makes it difficult for business owners to understand their true financial position, profits, and capital. Limited understanding of accounting among MSMEs is a major obstacle in implementing a standardized financial reporting system (Opa et al., 2022). They explain that implementing accounting in accordance with the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) is a form of responsibility and internal control that must be implemented by every business entity. With well-organized and standardized financial reports, MSMEs can assess their business performance, make informed decisions, and gain the trust of external parties such as financial institutions, investors, and the government.



Furthermore, according to (Widiyanti et al., 2024), financial reports have a strategic function because they serve as the primary basis for decision-making and business feasibility assessments by banks. Therefore, the existence of good financial reports is not only crucial for internal company interests but also influences access to business financing. This is in line with research results (Widiyanti et al., 2024), which confirm that financial reports are one of the essential documents for MSMEs in applying for credit guarantees at financial institutions such as Perum Jamkrindo. Without valid and standardized financial reports, MSMEs are often considered unbankable and face difficulties in obtaining capital support from banking institutions.

The challenges faced by D9 MSMEs in Salatiga City are not dissimilar to those identified above. Initial interviews with business owners revealed that financial record-keeping remains rudimentary and unsystematic. All sales and purchase transactions are recorded in a cash book without account classification. This makes it difficult to assess profits, financial position, and business assets. Mixing personal and business finances is also a major obstacle, resulting in difficulties in financial planning and tax calculations.

It is in this context that mentoring activities in preparing simple financial reports become highly relevant. Through this mentoring, D9 MSMEs are provided with a basic understanding of the importance of financial record-keeping, the function of financial reports, and how to prepare simple reports in accordance with the provisions of the EMKM SAK. The EMKM SAK standards themselves were approved by the Financial Accounting Standards Board (DSAK) and became effective on January 1, 2018. These standards are intended for entities without significant public accountability, such as micro and small businesses. According to (Opa et al., 2022), the EMKM SAK only requires the preparation of three main reports: the statement of financial position, the income statement, and notes to the financial statements.

The implementation of SAK EMKM is expected to be a solution for MSMEs due to its simple presentation and historical cost-based measurement, making it easy to implement even for businesses that do not yet have complex accounting systems (Widiyanti et al., 2024). Furthermore, preparing financial reports based on SAK EMKM can be the first step towards transparency and professionalism for small businesses. This transparency not only increases credibility in the eyes of financial institutions but also encourages business actors to be more disciplined in managing their finances.

In today's digital era, advances in information technology have made it easier for MSMEs to record their finances. One of the easiest-to-use applications that doesn't require additional costs is Microsoft Excel. Research (Widiyanti et al., 2024) and (Opa et al., 2022) has shown that using Excel to prepare financial reports can speed up the transaction recording process, minimize calculation errors, and produce neater, more readable reports. Furthermore, Excel allows users to design templates tailored to their business needs, making it highly flexible for MSMEs just starting out with financial recording.

Mentoring for D9 MSMEs aims to ensure that business owners not only understand accounting theory but also apply it directly through the practice of creating Excel-based financial reports. Using an educational and participatory approach, participants are encouraged to identify daily business transactions, create general journals, compile ledgers, and produce simple profit and loss reports and balance sheets. Through this activity, participants are expected to gain hands-on experience and understand the importance of financial reporting as a tool for assessing the success and health of their businesses.

the National Financial Literacy Movement (GNIK) and the MSME Development Program, the government emphasizes the importance of financial record-keeping for small businesses to enable them to access capital and participate in fair business competition.

Thus, mentoring D9 MSMEs in preparing simple financial reports represents a concrete implementation of the Tri Dharma of Higher Education in community service. This activity is expected to not only improve participants' technical skills in preparing financial reports but also raise awareness of the importance of accountable and sustainable business governance.

Ultimately, the ability of D9 MSMEs to prepare financial reports independently will be a crucial asset for long-term business development. With regular financial reports, MSMEs can measure their business performance, make more informed decisions, and obtain financing opportunities from financial institutions. As emphasized by (Widiyanti et al., 2024), preparing financial reports is not merely an administrative obligation but also a strategic tool for building trust, credibility, and business sustainability.

Literature Review

Financial reports are a crucial tool used by every business entity to assess financial performance, determine policy direction, and maintain business accountability. According to (Opa et al., 2022), accounting serves as a means of providing relevant information for economic decision-making for both internal and external parties. In the context of MSMEs, financial reports serve to demonstrate the actual financial condition and serve as a basis for business actors in assessing operational success and anticipating potential risks. However, most MSMEs in Indonesia are unable to prepare financial reports correctly due to a limited understanding of generally accepted accounting principles.

(Widiyanti et al., 2024) revealed that many MSMEs still do not prepare financial reports in accordance with accounting standards. They tend to simply record transactions using notebooks or non-standard applications without referring to a standard accounting system. This condition results in the resulting reports not accurately reflecting the business's financial position. In their research at Toko Gaga, they found that before mentoring, business owners only recorded daily income and expenses without classifying accounts or preparing profit and loss statements and balance sheets. After implementing report preparation based on SAK EMKM using Microsoft Excel, MSME owners began to be able to understand the flow of financial transactions, classify accounts, and prepare structured financial reports.

The Financial Accounting Standards for Micro, Small, and Medium Enterprises (SAK EMKM) are guidelines developed by the Financial Accounting Standards Board (DSAK IAI) and effective from January 1, 2018. These standards are intended to provide simple guidance for micro, small, and medium enterprises (MSMEs) in preparing financial statements. (Opa et al., 2022) SAK EMKM is designed for entities that do not have significant public accountability, so its preparation is much simpler than that of General SAK. The financial statement structure regulated in SAK EMKM consists of only three main statements: the statement of financial position, the income statement, and the notes to the financial statements. These three statements are sufficient to describe the financial condition and results of operations without requiring the reporting complexity of large companies.

From a theoretical perspective, financial reports have several primary functions. First, they serve as a tool for evaluating financial performance over a specific period; second, they serve as a basis for planning and decision-making; and third, they serve as a means of communicating financial information to external parties such as investors, creditors, or financial institutions. (Sugianto, 2010) states that financial reports play a strategic role, especially for MSMEs seeking financing or credit guarantees. He emphasized that one of the primary requirements for obtaining a credit guarantee through institutions such as Perum Jamkrindo is the availability of valid and accountable financial reports. Without these reports, the guarantee institution will have difficulty assessing the feasibility of the business and the risk of the financing provided.

A study (Opa et al., 2022) found that implementing a Microsoft Excel-based accounting system significantly assisted MSMEs in preparing simple financial reports. Excel applications were considered easy to use, flexible, and did not require additional costs unlike commercial accounting software. By designing a simple accounting application tailored to the needs of MSMEs, business owners can record sales, purchases, operating expenses, and assets and liabilities in a more structured manner. The study results showed that implementing an Excel-based accounting application not only improves recording efficiency but also helps business owners understand the accounting process and produce financial reports that comply with the MSME Financial Accounting Standards (SAK).

Similarly, (Widiyanti et al., 2024) explained that the implementation of SAK EMKM in preparing financial reports can improve time efficiency and data accuracy, while also strengthening the ability of MSMEs to understand accounting processes. Their research results showed that after mentoring, MSMEs were able to independently prepare income statements, balance sheets, and notes to the financial statements with a higher level of accuracy than before. Furthermore, MSMEs also became more disciplined in recording transactions routinely every day, thus facilitating the process of evaluating business finances.

(Sugianto, 2010) added that complete financial reports are not only an indicator of administrative success but also a tool for measuring a business's credibility in the eyes of financial institutions. In credit guarantee practices, financial reports are used to assess the liquidity, solvency, and profitability of MSMEs. Therefore, having good financial reports will increase MSMEs' opportunities to access financing from banks and credit guarantee institutions.

From these various research findings, it can be concluded that the main problem faced by MSMEs in financial reporting is not only limited technical skills but also low awareness of the importance of regular financial record-keeping. (Opa et al., 2022) emphasized that most MSMEs do not have dedicated accounting staff and are unaware that financial reports are a crucial instrument for assessing business performance and development. This situation makes it difficult for many business owners to determine their actual net profit, the size of their assets, and how the company's cash flow is operating each period.

Furthermore, financial literacy also influences MSMEs' ability to prepare financial reports. (Widiyanti et al., 2024) stated that a lack of financial literacy often causes MSMEs to ignore the importance of recording transactions separately for personal and business finances. However, this mixing of finances creates an unclear financial position and makes it difficult to determine business strategies. Through practice-based mentoring activities, business owners can gain a better understanding of the importance of financial reports and how to prepare them simply yet accurately. Previous studies generally indicate that training and mentoring in preparing financial reports based on the Indonesian Accounting Standards for MSMEs (SAK EMKM) have a positive impact on improving the competency of MSMEs. The simple and easy-to-implement SAK EMKM implementation is particularly suitable for MSMEs that lack human resources with an accounting background. Furthermore, the use of Excel-based accounting applications offers a practical, efficient, and cost-effective solution. Therefore, mentoring in preparing simple financial reports not only assists MSMEs with administration and reporting but also contributes to increasing business confidence in managing and developing their businesses.

Based on this description, the mentoring activity for preparing simple financial reports for D9 MSMEs has a strong theoretical and empirical foundation. The literature review shows that the implementation of SAK EMKM and the use of Excel are effective strategies to help MSMEs prepare standardized financial reports. This is also in line with the research results (Widiyanti et al., 2024) and (Opa et al., 2022), which emphasize the importance of ongoing training for MSMEs in understanding simple accounting principles. Furthermore, as explained by (Sugianto, 2010), good financial reports also open up opportunities for MSMEs to access financing and expand their business reach. Therefore, this mentoring activity is expected to not only improve the technical capabilities of business actors in financial recording but also strengthen their managerial foundations and the long-term sustainability of their businesses .

Method

This community service activity was carried out using a participatory and educational approach , where Micro, Small, and Medium Enterprises (MSMEs) D9 actors were actively involved in every stage of the implementation. This approach was chosen because it was considered the most effective in changing behavior and improving participant skills through a direct and continuous learning process. Mentoring focused on improving the ability of business actors to prepare simple financial reports based on the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) with the help of the Microsoft Excel application .

Preparation and Planning Stage

The preparation phase was carried out to ensure that the mentoring activities were systematic, measurable, and aligned with the participants' needs. In the initial phase, the community service team identified problems through direct interviews with owners and managers of D9 MSMEs. The purpose of this activity was to determine the current state of financial records, the types of transactions that frequently occur, and the difficulties experienced by business owners in preparing financial reports. The identification results indicated that financial records were still being maintained manually using cash books, without any separation between personal and business transactions.

After obtaining an initial overview, the team formulated the mentoring objectives and developed a detailed activity plan . The activity plan included the training schedule, the material to be delivered, the delivery method, and the determination of success indicators. The training materials were prepared based on the principles of the MSME SAK and adapted to the participants' level of understanding. The core materials consisted of: (1) an introduction to basic accounting concepts, (2) a simple accounting cycle, (3) an introduction to accounts and transaction classification, (4) preparation of general journals, ledgers, profit and loss statements, and balance sheets, and (5) practice in preparing financial reports using Microsoft Excel.

In addition, the team also prepared training support tools, such as training modules, Excel financial report templates, transaction practice sheets, and evaluation tools. The modules are designed to be easy to understand, using simple language and include transaction examples relevant to D9 MSME activities.

Activity Implementation Stage

The training was conducted over three days, face-to-face, at the D9 MSME business locations. Each training session lasted 3–4 hours, using a combination of interactive lectures, group discussions, demonstrations, and hands-on practice.

On the first day, the activity began with an introduction to basic accounting concepts and the Indonesian Accounting Standards (SAK) for MSMEs. Participants were explained the purpose of financial reports, the types of reports that must be prepared, and the benefits of preparing financial reports for business continuity. Participants were also encouraged to understand the differences between cash-based and accrual-based accounting and the importance of separating personal and business transactions.

The second day focused on an introduction to accounts and transaction recording. Participants were introduced to a chart of accounts commonly used in trading businesses, such as cash, accounts receivable, inventory, equipment, accounts payable, and equity. Participants then learned how to record transactions in a general journal, including sales, purchases, debt payments, accounts receivable, and operating expenses. The exercises used real-life examples of transactions occurring in D9 MSMEs to help participants understand the context.

On the third day, participants were instructed in preparing simple financial reports using Microsoft Excel. Participants were taught how to format income statements and balance sheets according to the SAK EMKM structure. The report creation steps were carried out step by step, starting from entering transaction data into a worksheet, using simple formulas to calculate total revenue and expenses, and generating an automatic income statement. Participants were also taught how to link data from journals to financial reports using Excel functions such as SUMIF and VLOOKUP to achieve more accurate reporting results.

Throughout the course, the mentoring team provided individual guidance to each participant. This approach allowed participants who struggled with concepts to receive immediate additional explanations. This two-way interaction created a conducive learning environment and increased participant engagement.

Monitoring and Evaluation Stage

After all training activities are completed, an evaluation of the mentoring results is conducted to measure the improvement in participants' skills. Evaluation is conducted in two ways: quantitative and qualitative. The quantitative evaluation involves administering pre- and post-tests, consisting of questions on basic accounting understanding and a simulation of preparing financial statements. The test results are used to assess the extent to which participants' knowledge has improved after the training. The qualitative evaluation is conducted through interviews and direct observation of participants' ability to prepare financial statements using Excel.

In addition to individual evaluations, the team also assessed the quality of the financial reports produced by participants. The indicators used included: (1) completeness of report components, (2) accuracy of account classification, (3) conformity to the MSME SAK format, and (4) neatness and readability of the reports. The evaluation results showed significant improvements in participants' ability to understand accounting flows, group transactions, and independently prepare income statements and balance sheets.

The mentoring team then provided feedback to participants on common errors that still occur frequently, such as double-recording transactions, formula errors, and incorrect account grouping. Participants were given the opportunity to improve their reports until they achieved standards.

Follow-up Stage

To ensure the sustainability of the program, the team designed a one-month follow-up mentoring program after the training. At this stage, participants were asked to implement routine financial record keeping using the provided Excel format. The mentoring team conducted regular monitoring, both through in-person visits and online communication, to provide guidance if participants encountered technical difficulties or difficulties with record keeping.

In addition, the team also assisted participants in analyzing the financial reports they had prepared . Participants were encouraged to understand the meaning of the figures contained in the reports, such as net profit, total assets, and simple liquidity ratios. The goal was for participants to not only be able to prepare reports but also to use them as decision-making tools in running their businesses.

Output and Success Indicators

The main results of this mentoring activity include:

1. Improving the ability of D9 MSME actors in understanding the basic principles of accounting and MSME SAK.
2. The preparation of simple financial reports including profit and loss statements, balance sheets, and notes to the financial statements.
3. Implementation of a Microsoft Excel-based financial recording system by all participants.
4. Growing awareness of the importance of separating personal and business finances.
5. The formation of a habit of recording finances routinely and systematically.

The success of the program was measured by improved test results, the quality of the financial reports produced, and the level of participant participation during the training. The final results showed that participants who had never previously prepared financial reports were now able to prepare simple reports with the correct format and content.

Benefits of Activities

This mentoring activity provides direct benefits to D9 MSMEs, both technically **and** managerially . Technically, participants gain practical skills in recording and preparing financial reports independently. Managerially, participants gain a better understanding of the importance of financial information for business planning, control, and evaluation. Furthermore, the resulting financial reports can be used as supporting documents for financing applications or future business partnerships.

Overall, the implementation method for this activity is designed to ensure effective knowledge and skills transfer through an active, interactive, and continuous learning process. Thus, it is hoped that D9 MSMEs will consistently implement a simple financial recording system as a foundation for professional and competitive business governance.

Results and Discussion

Initial observations revealed very rudimentary record-keeping practices: the owner of MSME D9 recorded daily income and expenses in a cash book without account classification, without systematic inventory bookkeeping, and without preparing a profit and loss report or balance sheet. This situation resulted in unclear figures for net profit, working capital, and real assets of the business, making it difficult for the owner to evaluate performance and plan. After implementing a three-day training module and practical mentoring on-site, followed by one month of monitoring, there were significant changes in four key indicators: understanding basic accounting concepts, the ability to journal transactions, the ability to prepare profit and loss reports and balance sheets, and the use of Microsoft Excel for record-keeping. The following summary table shows a quantitative comparison of the measurement results before and after the intervention (pre-test vs. post-test and report quality assessment).



Assessed Indicators	Before (%)	Mentoring	After (%)	Mentoring	Change (percentage points)
Understanding basic accounting concepts	35		85		+50

Assessed Indicators	Before (%)	Mentoring	After (%)	Mentoring	Change (percentage points)
Ability to create transaction journals	25		90		+65
Preparation of profit and loss statements & balance sheets	20		80		+60
Utilization of Excel for financial reports	40		95		+55

The improvements were consistent across all participants: the average post-test score increased substantially compared to the pre-test, and the quality of the reports produced met the minimum structure of the Indonesian Financial Accounting Standards (SAK EMKM) (statement of financial position, income statement, and brief notes to the reports). Practical learning that emphasized hands-on practice with real-life transactions proved effective—participants found it easier to grasp concepts when they translated them into examples of their daily transactions (sales, purchases, cash receipts, cash disbursements). The “teach-by-doing” approach also accelerated mastery of the basic Excel formulas needed to move data from journals to reports (SUM, SUMIF, simple VLOOKUP).

A content analysis of the reports produced by participants revealed three major technical improvements. First, the emergence of a simple, consistent chart of accounts for transaction classification; this minimized errors in grouping revenue, expense, and balance sheet accounts. Second, the systematic implementation of general journals streamlined posting to the general ledger and preparing the trial balance—previously, there was no structured posting process, resulting in often chaotic final calculations. Third, the use of Excel templates reduced the frequency of calculation errors compared to manual calculations on books; correct formulas made reporting faster and more consistent from month to month. However, several technical errors still emerged after the training: account assignment errors (e.g., recording direct purchases as expenses without accounting for inventory), incorrect use of range formulas that resulted in undercounted totals, and double-entry transactions recorded at the daily closing. The mentoring team addressed these issues through one-on-one correction sessions and template revisions, allowing participants to improve their reports.

To illustrate the final results concretely, here's an example of a simple Profit and Loss Statement and Balance Sheet prepared by one of the participants (figures are in thousands of rupiah for ease of reading). All arithmetic operations are examined step by step.

Simple Income Report Example (Period: 1 Month)

Information	Rp.
Sales Revenue	50,000
Cost of goods sold	(30,000)
Gross profit	20,000
Operational expenses (salaries, electricity, materials)	(8,000)
Net Profit Before Tax	12,000

Digit-by-digit calculation: $50,000 - 30,000 = 20,000$; $20,000 - 8,000 = 12,000$. The net profit figure of 12,000 is consistent and traceable to the underlying journal.

Simple Balance Sheet Example (End of Period)

Assets	Rp.	Passive	Rp.
Cash	15,000	Trade Debt	8,000
Account receivable	5,000	Owner's Capital	22,000
Supply	10,000		
Total Assets	30,000	Total Liabilities	30,000

Arithmetic check: Total assets = $15,000 + 5,000 + 10,000 = 30,000$. Total liabilities = $8,000 + 22,000 = 30,000$. Balance sheet, showing consistent recording between retained earnings/capital additions and changes in cash/inventory.

A more in-depth discussion reveals several important implications. First, the ability to create simple financial reports increases internal transparency: owners can periodically view profit margins, inventory-to-sales ratios, and working capital requirements. Second, the availability of reports allows for more credible access to financing sources—for example, for microloan applications or credit guarantees, as there is now readily available, auditable, numerical evidence. Third, the practice of regular record-keeping generates historical data useful for inventory planning, seasonal promotions, and cash management. Fourth, the adoption of Excel as a technological “bridge” provides a practical path to full digitization should MSMEs choose to transition to commercial accounting applications in the future.

On the other hand, this study was a short-term mentoring program with a limited sample size, so the results cannot be generalized to all types of MSMEs. Reliance on Excel also poses potential risks such as file corruption, hidden formula errors, and limitations in the concurrent multi-user feature as the business grows. Therefore, program sustainability is crucial: a regular monitoring plan, routine data backups, and advanced training in financial management (ratio analysis, simple forecasting) are needed. Furthermore, documentation of SOPs for recording and internal audit checklists is needed to ensure that the practices taught are maintained.

Based on these findings, practical recommendations include creating easy-to-follow standard operating procedures (SOPs) for daily bookkeeping, providing proven Excel templates (with formula cell protection), retraining every 3–6 months, and developing short modules for owners that emphasize the separation of personal and business finances. It is also recommended to facilitate access to micro-accounting services or partner with local cooperatives for advanced bookkeeping and credit applications. For further research, a medium-term (6–12 months) effectiveness study and a transition test from Excel to simple cloud-based accounting software are recommended to assess the impact of digitalization on accuracy and efficiency.

Overall, the mentoring results demonstrate that practical interventions, simple modules based on SAK EMKM, and the use of Excel can significantly improve the competency of D9 MSMEs in preparing basic financial reports. This improvement opens up real opportunities for entrepreneurs to manage their businesses more transparently, plan for growth, and obtain access to financing with reliable reporting evidence.

Conclusion

The mentoring program for preparing simple financial reports for D9 MSMEs successfully improved the understanding and skills of business actors in recording and preparing financial reports in accordance with the Indonesian Financial Accounting Standards (SAK) for MSMEs. Participants who initially lacked an understanding of accounting were now able to independently prepare simple profit and loss reports and balance sheets using Microsoft Excel. This activity also raised awareness of the importance of separating personal and business finances and the importance of financial reports as a basis for business decision-making and access to financing. Continued mentoring is highly recommended to ensure consistent application of good record-keeping practices in daily business activities.

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