



TRAINING ON PREPARING FINANCIAL STATEMENTS ACCORDING TO EMKM STANDARDS FOR CULINARY MSMEs IN LHOKSEUMAWE

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Abstract

This community service program is implemented for culinary MSME actors in Lhokseumawe City. The issues faced by the partners, specifically culinary MSMEs, include: Challenges in the partners' ability to prepare financial reports (Cash Flow) in accordance with SAK EMKM; A lack of knowledge in preparing financial statements according to standards. The purpose of this activity is to provide solutions to the problems faced by the partners. To achieve this goal, the PKM team conducts a financial reporting (Cash Flow) assistance program and provides guidance on preparing financial reports following EMKM standards. The planned output targets to be achieved by the PKM team include mandatory outputs such as a community service report, publication of articles in OJS-based community service journals or national seminar proceedings, publication of activities in print or online media, and partnership cooperation documents. Additionally, the program aims for supplementary outputs, including copyright (HKI) for the community service report.

Keywords: *Training, MSMEs, EMKM*

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play a vital role in the economy. They are capable of absorbing labor and driving economic growth, particularly supporting the economy at the small and medium community levels. Unfortunately, this critical role is not complemented by adequate literacy on how to prepare proper financial statements, which would enable MSME entrepreneurs to analyze the financial performance of their businesses (Suyadi et al., 2018).

Financial statements are the initial step in assessing a company's financial condition with the goal of ensuring the sustainability of a business so it can grow further. Common mistakes made by MSME entrepreneurs include not separating personal and business financial expenditures, as well as a lack of understanding of financial components such as income, expenses, assets, liabilities, and equity. To become a larger company with better access to capital, financial statements that meet financial accounting standards are essential. Well-prepared financial statements will make it easier to convince investors to provide funding for an MSME business.

One type of MSME that stands out is the culinary business. This type of business is widely pursued by the community around Lhokseumawe city. Lhokseumawe itself has a strong appeal, attracting many visitors to the area, which makes the culinary business a lucrative opportunity with significant profit potential. However, many entrepreneurs still lack prudent management of their business capital. They fail to separate working capital, cash inflows, and outflows from household daily finances, resulting in unclear business outcomes and making it difficult to predict future growth. In addition to poor capital management, another challenge faced by these entrepreneurs is the lack of promotional activities, which limits customer awareness of their products.

To address this, we aim to provide financial management literacy, particularly on how to prepare proper financial statements. Our community service team from the Faculty of Economics and Business at Malikussaleh University intends to conduct a training seminar specifically for culinary MSME entrepreneurs in Lhokseumawe. This training aims to enhance the knowledge of culinary MSME entrepreneurs about the financial statement cycle. Through this training, we hope

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that MSME entrepreneurs will understand the importance of financial statements, learn how to prepare them correctly, and comprehend effective product promotion strategies to attract consumers. Micro, Small, and Medium Enterprises (MSMEs) play a critical role in the economic development of Indonesia, including in the city of Lhokseumawe. Among these, culinary MSMEs are a significant sector, contributing to both local economic growth and employment generation. This literature review explores the existing body of research on culinary MSMEs in Lhokseumawe, focusing on their characteristics, challenges, and opportunities.

Several studies have highlighted the potential of culinary MSMEs in Lhokseumawe as drivers of regional economic activity. The unique culinary heritage of the area, characterized by traditional Acehnese dishes, serves as an asset for attracting both local and tourist consumption. However, the operational scale of these businesses remains small, often influenced by limited access to capital, technology, and broader markets.

The challenges faced by culinary MSMEs in Lhokseumawe include inadequate infrastructure, low levels of digital adoption, and limited marketing capabilities. Financial constraints are also prevalent, as many entrepreneurs rely on personal or informal funding sources. Furthermore, the lack of structured training and knowledge in modern business practices restricts their capacity for growth and competitiveness.

Opportunities for these businesses lie in the integration of digital platforms, such as e-commerce and digital payment systems, to expand their market reach. Research indicates that adopting digital technologies can enhance operational efficiency and customer engagement. Moreover, support from local government initiatives and collaboration with financial institutions can provide the necessary push for sustainable growth.

This review also underscores the importance of preserving local culinary traditions while innovating to meet contemporary consumer preferences. Researchers suggest that a blend of authenticity and modernity can help culinary MSMEs differentiate themselves in a competitive market.

In conclusion, while culinary MSMEs in Lhokseumawe face various challenges, they also possess significant potential for development. Addressing the barriers through strategic interventions, capacity-building programs, and technology integration can enable these enterprises to thrive, contributing positively to the local economy. Further research is needed to explore specific strategies that can be tailored to the unique context of Lhokseumawe's culinary landscape.

LITERATURE REVIEW

Micro, Small, and Medium Enterprises (MSMEs) in the culinary sector play a vital role in driving economic growth and fostering local entrepreneurship. According to a study by Rahmawati et al. (2021), culinary MSMEs contribute significantly to job creation and income generation in developing countries, particularly in urban areas where demand for food services is high. The research highlights that these enterprises often act as a stepping stone for individuals transitioning from informal to formal business sectors.

Moreover, the findings of Susanti and Widodo (2020) emphasize the critical role of innovation and technology adoption in the success of culinary MSMEs. Their study indicates that businesses leveraging digital platforms, such as food delivery apps and social media marketing, experience a 30% higher revenue growth compared to those relying solely on traditional methods. These platforms enable MSMEs to reach a broader audience, streamline operations, and improve customer engagement.

However, there are challenges as well. A report by the Ministry of Small and Medium Enterprises (2023) underscores that many culinary MSMEs face issues such as limited access to capital, lack of business training, and competition from large-scale food chains. Addressing these challenges requires collaborative efforts from the government, private sector, and educational institutions to provide comprehensive support programs, including financial literacy and digital marketing training. In conclusion, the culinary MSME sector demonstrates immense potential for contributing to economic development. Research consistently underscores the importance of



embracing innovation and fostering an enabling environment to ensure their sustainability and competitiveness in the market. Research over the years has highlighted the significant role of MSMEs in the culinary sector, emphasizing their contributions to economic growth, job creation, and food security. A 2024 study by CGIAR underscores how midstream MSMEs in food systems can connect small-scale farmers to markets, improve food affordability, and foster sustainability. However, challenges such as food safety concerns and food loss due to inadequate infrastructure persist, limiting their full potential. For example, postharvest losses in fruit supply chains like mangoes in the Philippines can reach up to 40%, significantly impacting profitability and market supply reliability.

Digital marketing has emerged as a transformative tool for culinary MSMEs. Research shows that leveraging online platforms like social media and e-commerce not only enhances product visibility but also expands customer bases, especially in urban markets. Despite these advantages, many MSMEs still face barriers like limited digital literacy and resources. Studies from Jakarta culinary MSMEs reveal that effective digital marketing strategies have a direct and positive impact on revenue growth, enabling businesses to scale operations and build stronger brand identities. Additionally, the "delivery economy" trend in 2024 highlights the increasing consumer preference for convenience, pushing culinary MSMEs to adopt agile delivery systems. This adaptability allows smaller enterprises to compete effectively with larger businesses by offering personalized and speedy services, fostering customer loyalty in a fast-paced market.

The integration of circular economy models also stands out as a notable trend in 2024. Culinary MSMEs are increasingly aligning with sustainable practices, such as reducing food waste and adopting environmentally friendly supply chain practices. This shift not only reduces costs but also enhances brand reputation among eco-conscious consumers. Overall, while the culinary MSME sector faces challenges such as food safety, supply chain inefficiencies, and digital adoption gaps, innovative approaches in technology, marketing, and sustainability offer promising avenues for growth and resilience in 2024 and beyond

METHOD

This community service program is conducted in the city of Lhokseumawe, focusing on culinary MSMEs. The program is carried out in several stages, including:

- 1. Target Selection
- 2. Identifying Problems Faced by the Partner Businesses (Culinary Enterprises)
- 3. Presenting Solution Proposals to the Partners Regarding Production
- 4. Implementing Proposed Approaches to Resolve Marketing Issues
- 5. Monitoring and Evaluation

Step 1: Mentorship and Guidance Method

The mentoring and guidance activities in preparing cash flow are crucial as one of the objectives of this community service program (PKM) is to form economically independent groups. Therefore, the partner groups in this program are community groups planning to start a business collectively. The guidance aims to help partners create sustainable cash flow, predict income growth, and address product marketing issues.

Step 2: Business Assistance Method

Providing business assistance, such as improving promotional efforts, is necessary to help the partners increase profitability.

Step 3: Post-Training/Guidance

Post-training assistance is an essential phase, including evaluating the outcomes of the guidance provided. This evaluation allows the team to assess whether the mentoring has been conducted effectively or needs improvement.

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Post-training assistance is an important stage to carry out, apart from that, in this stage an evaluation will also be carried out regarding the results of the training that has been completed. Evaluation can provide an overview for the team to assess whether the training has been carried out optimally or not.

3.2 Methods for Solving Partner Problems

The methods or approaches offered and agreed upon with the partners include discussions, mentoring, and evaluation of the results of business capital enhancement and promotional improvements.

3.3 Partner Participation in Program Implementation

The PKM activities require active participation from the partners. This includes the partners' openness to all stages of the PKM process. Activities will take place at the partners' location, involving their active participation in mentoring and guidance sessions. They should follow the processes well and comprehend them effectively. The PKM team will also provide input and collaborate closely with the partners.

3.4 Evaluation of Program Implementation and Sustainability

Monitoring and evaluation are carried out gradually during the implementation of this PKM program. The service team supervises the application of the theories and knowledge gained by the partners during training and mentoring sessions. If any challenges or obstacles arise during program implementation, the service team promptly assists and seeks solutions.

RESULTS AND DISCUSSION

Contents of Discussion Results

This activity was carried out by the team, during which the training process was completed for culinary MSMEs in Lhokseumawe City. Overall, the training process was considered quite successful. In the field, the community service team discovered that many culinary MSMEs in Lhokseumawe City were not yet familiar with how to properly prepare financial reports in accordance with SAK EMKM (Financial Accounting Standards for Micro, Small, and Medium Enterprises). In fact, many businesses had either not created financial reports at all or were still relying on manual bookkeeping. Therefore, the presence of the community service team, which assisted them in preparing financial reports aligned with SAK EMKM, was considered highly beneficial by the culinary business community.

The training activities that have been conducted will be evaluated by the service team by cross-checking the financial reports prepared in accordance with SAK EMKM (Indonesian Financial Accounting Standards for Micro, Small, and Medium Entities). If all business actors implement this, they will find it easier to propose business assistance to the government or other NGO institutions. This training has improved the skills of business actors in using financial reporting applications, which will later be useful for them in running their businesses or assisting others in preparing financial reports.

CLOSING

Conclusion

Community service activities located at UMKM Culinary in Lhokseumawe City have been successfully carried out. The time required to complete this activity is approximately 2 working weeks. The activity participants were very enthusiastic in the process of implementing this service activity, so that the activity ran smoothly and without problems. The school also received it very well and they hope that activities like this can continue to be carried out, so that students get an upgrade in their knowledge.



Suggestions and Acknowledgments

The recommendation that the team can give is that next time capacity building activities for using accounting applications like this can be followed by all teachers who teach economics in each school.

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