

## Financial Literacy Training Through Financial Reporting for MSMEs in Tugu Village

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### Abstract

The purpose of this training is to provide education and training on preparing financial reports in accordance with Financial Accounting Standards for Micro, Small, and Medium Enterprises. The methods used were preparation, interactive education, demonstrations, mentoring, and evaluation to 25 MSME participants. The results showed a significant increase in participant understanding. The majority of participants were able to define and identify the components of financial reports in accordance with applicable standards, with a 60% increase in participant understanding of the basic concepts and benefits of financial reports, an increase in understanding of how to prepare financial reports by 78%, and participants who carried out financial reporting also increased by 70% or successfully prepared profit and loss reports after the training session. An average of 80% of participants felt the activity was very beneficial. The impact of this education is that MSMEs can prepare financial reports, so that they can be used as access to capital loans from formal financial institutions in the future. Through the implementation of SAK EMKM, MSMEs are expected to increase the credibility of their businesses.

Keywords: financial reports; financial literacy; MSMEs.

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### 1. Introduction

Micro, Small, and Medium Enterprises (MSMEs) are a highly strategic economic sector and contribute significantly to Indonesia's Gross Domestic Product (GDP). MSMEs have created a wealth of unemployment and become an economic buffer in times of crisis[1]. Despite their significant role, MSMEs often face various obstacles such as low sales levels [2], lack of knowledge about creating promotions and marketing [3], [4], [5], lack of knowledge about creating e-commerce websites[6], and no less importantly, lack of knowledge about orderly and systematic financial management[7]. As a result, many MSMEs have difficulty developing his business. Including MSMEs in Tugu Village.

MSMEs in Tugu Village are still not tired, each recording their business transactions is crucial. Only a small percentage maintain simple recordkeeping and often mix personal and business finances. The lack of a standardized record-keeping system makes it difficult for business owners to monitor their financial health and determine accurate profit and loss. Consequently, the potential for business development is hampered. This is compounded by the administrative challenges of applying for bank loans for working capital for MSMEs.

Consequently, the potential for business development is hampered.

This problem arises due to the lack of financial literacy for MSMEs in Tugu Village, so that less MSME ownersmemahami the importance of financial records in accordance applicable accounting standards. Financial Accounting for Micro, Small, and Medium Enterprises (SAK EMKM). SAK EMKM is specifically designed with the principle of simplicity to make it easier for MSMEs to prepare financial reports that are relevant, reliable, and easy to understand for various stakeholders, including banks for business credit applications[8]. Furthermore, the benefits of financial literacy for MSMEs also prevent MSMEs from falling prey to illegal online loans[9]. Therefore, they will be wiser in managing their finances when they understand the importance of financial recording[10]. Unfortunately, information regarding the EMKM SAK has not been disseminated well to the village level[11]. MSMEs in Tugu Village need practical education and direct support to implement these standards in their daily operations. Without standardized financial reports, MSMEs struggle to access capital, as these reports are often a major obstacle to business expansion[12].

Based on this urgency, the community service team of Kadiri Islamic University felt compelled to organize educational and training activities on preparing financial reports in accordance with Financial Accounting Standards (SAK) for MSMEs.

The purpose of this training for transferring practical knowledge and skills to MSMEs in Tugu Village, through financial literacy for MSMEs in Tugu Village who have difficulty accessing capital due to the lack of administrative requirements, namely standard financial reports. so that they can independently prepare financial reports MSME standards It is hoped that this activity can improve the financial literacy of MSMEs., so that their business is sustainable in the future.

**2. Methods**

This community service activity was carried out on the 23 July until August 22, 2025 in Tugu Village, Sendang District, Tulungagung Regency. Participants were 25 MSMEs in Tugu Village operating various types of businesses. The selection was based on their willingness to participate in a series of training activities. The implementation methods used included preparation, interactive education, demonstrations, mentoring, and evaluation.

**Preparation**

Coordinate with the Head of Tugu Village and local community leaders, conduct an assessment of MSME needs, and prepare training module materials and evaluation instruments[13].

**Interactive Education**

The method used during the training was interactive lectures[14]. The stages of delivering the material were carried out, relatives at the Tugu Village Hall. Before the presentation of the material, a post-test was administered to the participants. The first material was delivered by Mr. Kukuh Harianto, SE, MM. is a Lecturer in the Management Study Program, Faculty of Economics, Kadiri Islamic University, while the second material was delivered by Mrs. Puji Rahayu, SE, MM. one of the Lecturers in the Accounting Study Program, Faculty of Economics, Kadiri Islamic University. The stages of delivering the material began with a speech from the Head of Tugu Village, a speech from the Representative of the Kadiri Islamic University community service team.

**Demonstration**

Participants are guided by the community service team to practice case examples of recording daily business transactions in simple journal format, general ledger, and preparing basic financial reports[15].

**Mentoring**

Tim devotion to the public providing individual mentoring to complete each participant's business case

study[16]. Participants are given the opportunity to ask questions and discuss challenges related to financial recording in their respective businesses.

**Evaluation**

Measuring the effectiveness of activities using post-tests/pre-tests to compare participants' understanding before and after the intervention[17]

**3. Results and Discussions**

**Preparation**

The training began with preliminary preparations. The Head of the Community Service Team at Kadiri Islamic University coordinated with the Village Head and community leaders of Tugu Village regarding the needs of MSMEs. The following describes the characteristics of the training participants based on gender, which can be seen in the table below.

Table 1: *Characteristics Based on Gender.*

Gender	Amount	Frequency
Women	18 People	72%
Man	7 People	28%

According to Table 1, the training was attended by 18 female participants and 7 male participants. They represented MSMEs from various business sectors in Tugu Village, Sendang District, Tulungagung Regency.

Table 2: *Characteristics Based on Age*

Age	Amount	Frequency
18-20 Years	4 People	16%
> 20 – 30 Years	5 People	20%
> 30 – 40 Years	6 People	24%
>40 Years	10 People	40%

Based on Table 2, it is known that there were 4 training participants with an age range of 18-20 years, while there were 5 participants aged 20-30 years and above, 6 participants aged 30-40 years and above, and the remaining 10 people were aged over 40 years.

Table 3: *Characteristics Based on Education*

Education	Amount	Frequency
Senior high school	19 People	76%
Master	5 People	20%
Postgraduate	1 Person	4%

Based on Table 3, the training participants' highest educational level is 19 high school graduates and 5 bachelor's degree graduates. The remainder are master's degree graduates.

**Interactive Education:**



Source: Field Data, 2025

Figure 1. Presentation of Material by Mr. Kukuh Harianto, SE, MM

The first presentation covered the basic concepts of financial recording and the benefits of financial reports for MSMEs.



Source: Field Data, 2025

Figure 2. Presentation of Material by Mrs. Puji Rahayu, SE, MM

The second presentation focused on preparing standard financial reports for MSMEs. The material was

delivered using interactive lecture techniques to convey theoretical information.

**Demonstration**



Source: Field Data, 2025

Figure 3. Demonstration session

The community service team from Kadiri Islamic University guided participants in a demonstration session. The speakers delivered a wealth of information quickly and factually.

**Mentoring**

The biggest challenge was transforming old habits of unstructured record-keeping into routine. However, with direct guidance, the participants successfully overcame this obstacle. The main achievement of this activity was the creation of a profit and loss report, which each participant compiled based on their actual business data.

**Evaluation**

The evaluation results showed a significant increase in understanding and skills.

Table 4: Pre-Test and Post-Test Evaluation Results

Evaluation Metrics	Average Pre-test Score	Post-Test Average Score	Increase
Understanding the Basic Concepts and Benefits of Financial Reports	20%	80%	60%
Understanding How to Prepare Financial Reports	10%	88%	78%
Implementation of Financial Recording	10%	80%	70%

Before the training, participants' understanding of how to prepare financial reports was minimal. Table 4 shows that 20% of participants did not yet understand the concept of financial management and the benefits of preparing financial reports. After the training,

participants' understanding increased by 60%. Meanwhile, understanding of how to prepare financial reports increased by 78%, from 10% before the training to 88%. Participants who implemented financial reporting also increased by 70%, from 10% to 80%.

This activity succeeded in achieving its goal, namely increasing the financial literacy of MSMEs in Tugu Village. The success of a training is proven by the number of participants who are motivated to apply what they have learned from the training[18].

A challenge encountered during the training was participants' lack of accuracy in calculations, which often resulted in unbalanced financial reports. Therefore, the community service team needs to follow up on this training to ensure MSMEs continue to record and prepare financial reports.

The follow-up plan is to form a discussion group via social media to discuss the obstacles faced and monitor the progress of participants[19]. If necessary, further training on recording using the application will be scheduled once the MSME is proficient in using the manual method[20].

The impact of this training was an increased understanding of financial reporting practices among MSMEs and their understanding of its benefits to their businesses. This demonstrates that financial literacy can improve understanding and knowledge of MSME bookkeeping[21]. This training can pave the way for MSMEs to manage their businesses more transparently, which ultimately makes it easier for them to obtain capital for future growth[22].

**4. Conclusions**

This program has had a tangible positive impact in the form of improved theoretical understanding and practical skills of MSMEs in preparing standard financial reports. Through the implementation of SAK EMKM, MSMEs are expected to improve their business credibility and facilitate access to formal capital sources. This was achieved thanks to the participants' enthusiasm throughout the training from beginning to end. Despite their diverse educational backgrounds, the entrepreneurs' commitment to the training paid off, as evidenced by the results. Evaluation this demonstrates an increased understanding of the benefits of preparing financial statements and how to do so. Advanced age is no longer a barrier for some participants, allowing them to continue participating in the training series like others. Suggestion for MSMEs to be consistent in recording and preparing financial reports so that their business development can be easily monitored. Suggestions for village governments to continue supporting MSME actors in preparing financial reports. Suggestion the community service team is advised to provide further assistance to ensure consistent and sustainable implementation of the EMKM SAK by

MSMEs in Tugu Village, Sendang District, Tulungagung Regency. Suggestions for the community service team include conducting training on digital financial management or preparing financial reports using applications that are easy for MSMEs to understand

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**Author Contributions Statement**

Name of Author	C	M	So	Va	Fo	I	R	D	W
Puji Rahayu	✓	✓	✓	✓	✓	✓		✓	✓
Kukuh Harianto		✓				✓	✓	✓	✓

C : Conceptualization I : Investigation  
 M : Methodology R : Resources  
 So : Software D : Data Curation  
 Va : Validation W : Writing - Review  
 Fo : Formal analysis

**Conflict of Interest Statement**

The author declares no conflict of interest.

**Data Availability**

Data that support the findings of this study are available from the corresponding author, [initials, PR], upon reasonable request.

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