

FINANCIAL REPORT PREPARATION TRAINING FOR MSMEs AND ECONOMIC OPTIMIZATION WITH THE SAMARA FINANCE CONCEPT

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ABSTRACT MSMEs play a strategic role in improving the national economy, particularly through job creation and income equality. However, one of the main obstacles faced by MSMEs is the limited ability to prepare simple, accurate, and sharia-compliant financial reports. This results in poor cash flow management, difficulties in business evaluation, and limited access to business development. This community service activity was conducted in Sidomulyo Village, Sidomulyo District, South Lampung Regency, with the aim of improving financial literacy and skills of MSMEs through training in preparing financial reports based on the SAMARA Finance concept. The methods used included lectures, mentoring tutorials, discussions, and pre- and post-tests using questionnaires. Participants were trained to prepare simple financial reports using sharia accounting principles that integrate elements of ZISWAF (Zakat, Infaq, Sedekah, and Waqf) and practice financial recording using a simple application. The results of the activity showed an increase in participants' understanding and ability to prepare sharia-compliant financial reports, while also encouraging them to run transparent, halal, and sustainable businesses. In conclusion, this training is important as a first step in strengthening the capacity of MSMEs in financial management, and its scope is worthy of being expanded to a wider area.

KEYWORDS: MSMEs, Financial Reports, Islamic Financial Literacy, SAMARA Finance

1. INTRODUCTION

The role of Micro, Small and Medium Enterprises (MSMEs) is crucial in helping to ensure equal income distribution, which contributes to supporting a country's economic growth Hadziq and Nafis, (2017). Micro, Small and Medium Enterprises (MSMEs) are one of the best solutions for solving economic and financial problems. MSMEs are also capable of creating jobs, increasing gross domestic product, and strengthening the national economy (Abdianur and Sudjinan, 2019).

An organization is considered capable if it can present the financial condition of its business from an accounting and financial perspective (Perera and Chand, 2015). Financial statements are a tool that can present entity information, including assets, liabilities, and equity (FASB, & IASB, 2009). Financial statements are crucial for companies, both small and large, but small companies often overlook this aspect. One reason is that preparing financial statements is considered quite complicated and time-consuming. Yet, there are many examples of simple financial statements that can serve as references. Meanwhile, for large companies, their financial statements are already well-structured because they are prepared by experienced accountants. Small companies are still unfamiliar with accounting records. Even small companies should not neglect the preparation of financial statements. Most people only focus on high revenue and ignore the actual cash flow process, even though creating simple financial reports is quite easy for SMEs.

Creating financial reports begins with creating an expenditure ledger, income ledger, a main cash ledger, and inventory records. For the microfinance sector, financial reports are prepared not to meet the requirements for presenting accountable reports as a prerequisite for equity trading in the capital market, but rather as a means of presenting quality financial information to users (Benedictow and Hammersland, 2020). Every organization hopes to survive for a long time, especially small businesses like SMEs. Micro-organizations like SMEs are typically owned by individuals or groups of no more than three people.

The contribution of Micro, Small, and Medium Enterprises (MSMEs) to domestic product continues to increase significantly. MSMEs are also able to absorb labor, thereby reducing poverty and unemployment. One of the problems faced by MSMEs is marketing difficulties, limited innovation and technology, particularly limitations in bookkeeping and financial reporting. Accounting for financial transactions is a crucial task in conducting or recording business transactions. Financial reports are often rarely prepared by MSMEs due to limited accounting knowledge and a focus on marketing. Financial report training for MSMEs provides training in preparing financial reports, simplifying the process of recording cash flow and performance.

Sidomulyo Village is located in Sidomulyo District, South Lampung Regency, Lampung Province. Several community activities are concentrated in this village, including agriculture, livestock, trade, housing, and public facilities. The population of Sidomulyo is of productive age, with many working as farmers, laborers, and rice entrepreneurs. Sidomulyo Village has significant potential for development, including tourism, entrepreneurship, agriculture, plantations, and livestock farming. To develop this potential, the role of village institutions and inter-institutional interactions are crucial. External parties also contribute to Tonasa Village's development, including the university's role in community service activities, one of the Tridharna Perguruan Tinggi (Three Pillars of Higher Education).

The Sidomulyo village community aspires to improve their lives. The village utilizes various potentials and strengths to further optimize its potential as a source of these aspirations. Assets such as physical infrastructure, social infrastructure, human resources, financial resources, and natural resources are the strengths of the Sidomulyo village community. These assets significantly enhance well-being, for example, by increasing income, improving health, education, the environment, and social conditions. Therefore, formulating a community vision can be linked to several existing obstacles and problems.

Sidomulyo Village is one of the developed villages in South Lampung Regency. However, it turns out that there are still underdeveloped village potentials that do not support economic development in the village. One reason is the inability to properly promote tourism potential or other village potential. Sidomulyo Village has several economic potentials, including agriculture and plantations, as well as marine tourism. The MSMEs in Sidomulyo Village develop their businesses mostly in the agricultural sector, such as rice, corn, and other food ingredients. However, in this village, which is predominantly Muslim, MSMEs do not yet have the skills or abilities to prepare financial reports, and their product marketing does not emphasize Islamic concepts.

2. METHOD

The methods used in this community service program are:

- a) Lecture. This method is used to provide knowledge and understanding regarding financial reporting for MSMEs through a lecture. The material presented in this lecture begins with an introduction to financial reports. Participants are given a general overview of how to prepare financial reports using simple accounting.
- b) Tutorial (mentoring). Participants are provided with guidance in preparing simple financial reports, including how to prepare a financial report of household income and expenses using simple accounting and how to allocate these to predetermined items.

- c) Discussion. Training participants are given the opportunity to discuss issues related to financial reporting they have encountered and challenges in developing the economy through village potential.
- d) Questionnaire. Prior to the presentation, participants are given a questionnaire as a pretest to assess their knowledge of the material. This questionnaire is intended to assess their prior knowledge of report preparation and village potential. The tutorial serves as a posttest to provide feedback to the community service team.

Therefore, a plan encompassing activity implementation and program evaluation is required. The activity implementation and evaluation plan is as follows:

a. Activity Implementation Plan

- 1) Preparation: The activities carried out consist of:
- 2) Socialization to partners regarding the community service program to be implemented.
- 3) Meeting with partners to discuss the training program schedule and agree with the implementation team.
- 4) Socialization of the program to the partners who will participate in the activity, namely 30 residents of Tonasa Village, Sanrobone District, Takalar Regency.
- 5) Preparation and preparation of training materials.

b. Training:

- 1) Mentoring/training, where the implementation team acts as a guide in carrying out activities developed jointly with partners.
- 2) Mentoring and counseling offered by the implementation team to partners for consideration. If partners agree, the next activity phase will be implemented.
- 3) Activity Evaluation: After implementing the community service activities from the entire program series, participants will be evaluated.
- 4) At the end of the community service program, individual participants will be able to prepare their own financial reports and will be able to understand how to develop the economy from the potential of their village.

3. RESULT AND DISCUSSION

3.1 Results

The community service activity took the form of training related to Islamic financial literacy and the preparation of Islamic financial reports using the SAMARA Finance method. Thirty SMEs participants in Sidomulyo Village, Lampung, participated in the training session.

During the training session, participants were introduced to various techniques and strategies designed to improve their ability to manage financial reports in accordance with Islamic principles, incorporating ZISWAF (Zakat, Infaq, Sadaqah, and Waqf) accounts. The training material covered financial knowledge, Islamic finance, entrepreneurship, Islamic entrepreneurship, financial reports, Islamic financial reports, and business methods using the SAMARA Finance concept. Then, practical training sessions were conducted on creating simple Islamic financial reports using Microsoft Excel. This aimed to strengthen participants' ability to prepare financial reports so they could evaluate their cash flow and sales profit and loss each month. This, in turn, facilitated their annual tax reporting.

The results and discussion of this analysis will provide in-depth insights into the effectiveness of the training, challenges encountered, and recommendations for improvement and further development in similar training programs in the future.

This training activity provides several materials, the first is about financial literacy and Islamic finance, the second is about the concept of SAMARA FINANCE, the third is about Islamic business and the last is about making financial reports.



Figure 1. Explanation of the Topic of the Material Discussion

Provision Of Sharia Financial Literacy Materials

The first material discussed was about Sharia financial literacy, starting with financial literacy. This material relates to knowledge of financial concepts, communication skills related to financial concepts, the ability to manage personal finances, skills in making sound financial decisions, and the confidence to plan for future financial needs effectively.



Figure 2. Explanation of Financial Literacy Materials

This material is designed to provide financial information so that participants can understand finances, communicate financial concepts so they can share financial information with close relatives, manage their personal and business finances for long-term sustainability, make sound financial decisions to avoid illegal loans and investments, and plan for future finances by separating personal savings, education funds, emergency funds, and investments.

Provision Of Samara Finance Materials

This second material explains the concept of SAMARA finance for MSMEs. The concepts of SAMARA FINANCE are Sakinah (Sakinah), Mawaddah (Love), Warahmah (Rahmah), Barakah (Blessings for All Alas), and Rahmatan Lil Alamin (Rahmatan Lil Alamin).



Figure 3. The Concept of SAMARA FINANCE

Sakinah here means peace, peace in entrepreneurship if conducted honestly, trustworthy, selling halal and tayib (good) products, and using transparent marketing strategies. Mawaddah in this context means compassion, compassion in entrepreneurship if carried out in a friendly manner with buyers, mutual benefit between buyers and sellers, timely employee salaries, and attention to their health. Running a business with love and compassion for others. Warahmah in this context means empathy, empathy in this context means taking reasonable profits and competing healthily among entrepreneurs. Barakah means being filled with blessings by running a business starting with

the intention of Allah, not giving up easily, and not neglecting worship as the primary duty of human creation. Rahmatan Lil Alamin means being able to benefit everyone. This means that the benefits of Islamic boarding school businesses can be felt not only by the residents, but also by people around and far from the school if supported by digitalization, both Muslims and non-Muslims.



Figure 4. Material for Applying the SAMARA Finance Concept

In running a successful business, four things are crucial: Product, Market, Money, and People.

a. Product/Type of Business

1. Halal toyiban (only selling halal products of the highest quality) -> if the product is food/beverages, cosmetics, or clothing, the supply chain must be integrated from upstream to downstream.
2. The benefits of rahmatan lilalaamiin can be felt by all creatures on earth.
3. Halal certification

b. Market

1. Clear sales targets
2. Transparent, honest, and trustworthy marketing

c. Money

1. Financial Report Preparation
 - a) Creating financial reports in accordance with Islamic finance standards
 - b) Including ZISWAF (Islamic Waqf) in the profit and loss statemen
2. Capital Sources
 - a) Using own capital
 - b) Angel investor capital
 - c) Sharia fintech loans (P2P lending & crowdfunding)
 - d) Sharia bank loans

d. People. Preparing the best human resources who understand the concepts and nature of Islamic economics (Islamic business, finance, marketing)

Islamic Business Material Provision

The third topic explains Islamic business. Islamic business involves the creation of goods and services through business activities, with enthusiasm, creativity, innovation, management, and communication skills, in accordance with Islamic principles, to generate profits.



Figure 5. Material Explaining Islamic Business

It would be better if you became an entrepreneur because entrepreneurship is nine out of ten doors of sustenance (Al Mughni 'an Hamilil Asfar, Al Hafizh Al 'Iraqi in hadith no. 1576).

Providing Material On Preparing Sharia Financial Reports

The fourth material teaches how to prepare financial reports in accordance with Islamic law. This final material has a direct impact on the sustainability of MSMEs.



Figure 6. Material Explaining Preparing Sharia Financial Reports

By adding ZISWAF (Islamic Reconciliation) to cash flow and balance sheet accounts, as well as loans using the profit-sharing principle through Islamic banking, angel investors, and the use of equity, this material opens up questions and discussions about the obstacles faced by MSMEs in Sidomulyo village, the challenges and opportunities, and strategies for creating new businesses to expand employment and comply with tax obligations wisely.

4. CONCLUSION

The financial reporting training for MSMEs in Sidomulyo Village, Lampung, using the SARAMA Finance concept had a positive impact on participants. Through this activity, participants

learned financial literacy and how to run a halal and tayib business based on the principles of sakinah, mawaddah, warrahmah, barakah, and rahmatan lil alamin (benevolent blessing for all the worlds). Participants also learned how to properly prepare financial reports in accordance with Islamic principles.

As a follow-up, it is recommended that the training materials be applied in daily life, particularly in the sales of agricultural products. Furthermore, similar training can be expanded to include more MSMEs, not just in one village but also in districts and cities.

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