

## Empowering MSME through Financial Reporting Assistance: Case Study in Dental Clinic ABC

Chivalrind Ghanevi Ayuntari<sup>1\*</sup>, Imelda S Fadillah<sup>2</sup>, Lintang I Sari<sup>3</sup>, Mi'atu N Hanggarjati<sup>4</sup>, Farah N Fadilla<sup>5</sup>, Aulia N Fitri<sup>6</sup>, Putri C Dewi<sup>7</sup>  
Universitas Islam Indonesia

**Corresponding Author:** Chivalrind Ghanevi Ayuntari

[chivalrind.ghanevi@uii.ac.id](mailto:chivalrind.ghanevi@uii.ac.id)

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### ABSTRACT

The primary objective was to strengthen the ability of MSMEs, exemplified by the ABC Dental Clinic, to prepare reliable financial reports that comply with applicable standards, thereby improving decision-making and long-term growth prospects. Many MSMEs face persistent constraints in terms of knowledge, skills, and resources for producing accurate and standardized financial statements. Addressing this gap, the program employed a case study approach that combined comprehensive training sessions with direct, hands-on mentoring to ensure effective knowledge transfer. Participants were introduced to the preparation of financial reports in accordance with the Indonesian Financial Accounting Standards for MSMEs (SAK EMKM), while also receiving practical guidance on applying these principles to their own businesses. As a result, the ABC Dental Clinic successfully developed functional financial reports using Microsoft Excel, demonstrating the practicality of the methods taught.

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## **INTRODUCTION**

Micro, Small, and Medium Enterprises (UMKM) play a vital role in the global economy, contributing significantly to employment, economic growth, and poverty reduction (Astuti et al., 2020; Awaluddin et al., 2025; Nordin et al., 2022). In Indonesia, UMKM are considered a cornerstone of the economy, comprising over 99% of business units and providing approximately 97% of employment opportunities, thus contributing substantially to national income and economic resilience (Astuti et al., 2020). The dynamic nature of the Indonesian economy, with its diverse sectors, relies heavily on the vitality of these enterprises. However, UMKM often face significant challenges that hinder their growth, competitiveness, and long-term sustainability. Among the most pervasive and critical issues is the pervasive lack of financial literacy and the subsequent inability to produce accurate and meaningful financial reports (Strouhal et al., 2010). This deficiency is not merely an administrative oversight; it directly impacts the operational and strategic capacity of these businesses.

These financial management challenges can severely limit UMKM's access to crucial external funding from financial institutions, as banks and investors often require verifiable financial statements to assess creditworthiness and investment potential (McMahon, 1999; VASEK, 2014). Bank and other financial institutions require auditable and trustworthy financial reports as a fundamental basis for analyzing creditworthiness and the potential return on investment. The availability of adequate reporting is therefore crucial to this process. Without proper reports, MSMEs are frequently compelled to rely on informal loans with exorbitant interest rates or are completely barred from accessing capital necessary to support business expansion, the acquisition of productive assets, or an increase in production capacity.

Furthermore, without accurate financial data, business owners struggle with effective strategic decision-making, making it difficult to track performance, identify profitable ventures, manage costs, and adapt to market changes (Pramudya & Rahayu, 2021). The ability to make decisions based on accurate data is a fundamental prerequisite for driving business sustainability and growth. Within the context of MSMEs, the absence of adequate financial reporting significantly impedes owners' capacity to analyze the profitability of products or services, pinpoint cost inefficiencies, evaluate the effectiveness of marketing strategies, and project future market trends. This condition directly correlates with potential errors in resource allocation and the formulation of suboptimal business strategies, which in turn can threaten the competitiveness and long-term viability of the business entity. This can ultimately increase the risk of business failure, as decisions are based on incomplete or inaccurate information (McMahon, 1999; VASEK, 2014).

Robust financial reporting is essential for micro, small, and medium enterprises (MSMEs) across all sectors. Reliable financial statements play a pivotal role in internal management by offering critical insights into operational performance, highlighting areas that require improvement, and supporting well-informed decisions regarding investment, resource distribution, and strategic development (Nghah et al., 2021; Sava et al., 2013). Beyond internal use, financial reports are indispensable for external stakeholders. Lenders, investors, and government agencies rely on these documents to evaluate a business's financial health, stability, and compliance (Beck et al., 2008; Zhou et al., 2007). For instance, access to formal credit and loans is frequently contingent upon the availability of reliable financial statements, and the ability to comply with evolving tax regulations is also fundamentally dependent on accurate and systematic record-keeping (Astuti et al., 2020; Kusno et al., 2022).

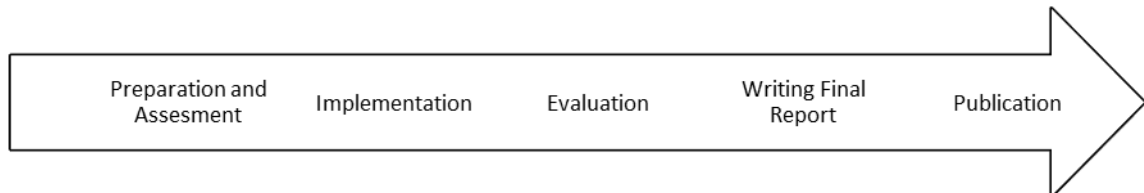
This study specifically focuses on a student-led community service initiative designed to empower UMKM by providing targeted assistance with financial reporting. Recognizing the persistent gap in financial literacy and the practical difficulties UMKM encounter in preparing their financial statements, this program offered hands-on, practical support. In this particular case study, the focus is on Dental Clinic ABC, an entity operating within the healthcare service sector that, like many UMKM, faces unique financial management challenges. This initiative sought not only to address the practical financial management needs of Dental Clinic ABC but also to provide invaluable experiential learning opportunities for the student participants. This assistance program was designed to equip the owner and management of ABC Dental Clinic with practical understanding and concrete skills in preparing financial reports. These reports are crucial for both internal decision-making and the fulfillment of external obligations, including taxation. For the students involved, this initiative served as a means to apply accounting and taxation theory learned in a classroom setting to a real-world context, while also developing their communication, problem-solving, and community service skills.

Ultimately, the program's overarching purpose was to enhance Dental Clinic ABC's financial management capabilities, improve its access to resources, and contribute to its long-term sustainability and growth within its competitive market.

## **IMPLEMENTATION AND METHODS**

This community service program was designed to address a fundamental issue confronting MSMEs: a lack of understanding and practical skills in preparing financial reports. In response, a mentorship program was implemented in ABC Dental Clinic. The implementation involved a collaboration between academics and students, where students directly engaged in the field to analyze the business conditions of MSME. The findings from this analysis were then used to formulate a structured work plan for compiling financial reports in accordance with the SAK EMKM standards.

The mentorship, which took place from July to August 2025, was led by Chivalrind Ghanevi Ayuntari, S.E., M.Acc., Ak., CA., a lecturer in the Applied Taxation Accounting Study Program and a certified MSME mentor. This approach adopted a structured mentoring methodology executed through several distinct stages (figure 1). The program not only contributed to enhancing the capabilities of the participating MSMEs but also served as a valuable platform for students to apply theoretical knowledge to real-world practice, while simultaneously developing their professional and social skills.



**Figure 1. The flow of Community Service Program**

### ***Preparation Stage***

At this stage, the mentoring process began with the establishment of communication with the MSMEs to understand their operational conditions and financial recording practices. The initial contact was made informally through online media. Subsequently, a dedicated team was formed to execute the mentoring program. An agreement regarding the implementation timeline, scheduled from July to August 2025, was reached during this preliminary communication phase. At this phase, the team devised the necessary work steps, identified the crucial observations that needed to be conducted, and established the division of tasks for each team member.

### ***Implementation Stage***

This phase marked the commencement of the financial reporting assistance process. The implementing team conducted on-site observations at ABC Dental Clinic to gain a deeper understanding of its operational activities and the financial recording methods in use. Once the observational data was deemed sufficient, the financial statement preparation process was initiated. The findings were subsequently discussed collaboratively to devise a financial reporting process that was both effective and easily implementable for the clinic. During this stage, the team designed a chart of accounts, compiled a list of assets, liabilities, and equity, and meticulously traced all income and expenditure transactions that occurred throughout the month of July.

### ***Evaluation Stage***

Program evaluation was undertaken to guarantee its optimal execution (Farida et al., 2020). This phase involved engaging in discussion with the participants. The involvement of all stakeholders was verified through the retention of additional documentation, including photographs and attendance records.

### ***Writing Final Report***

The final report is prepared to document the entire community service activity and to serve as evidence of the realized program outputs. These outputs include a record-keeping system based on a spreadsheet (Excel) and a financial guide booklet, both of which are designed as practical tools for MSMEs to manage their financial records independently in the future.

### ***Publication***

Publication of the findings was achieved by disseminating the community service results in academic articles for national journals and in publications for mass media.

## **RESULTS AND DISCUSSION**

Prior to the implementation of the community service activity, the implementing team conducted a preliminary survey and informal interviews to identify the needs, challenges, and opportunities faced by Micro, Small, and Medium Enterprises (MSMEs). Participant selection was based on their level of interest and commitment to enhancing financial transaction recording skills. One of the MSMEs participating in this program was Dental Clinic ABC. Subsequently, the service team carried out internal coordination to develop the activity proposal, allocate roles and responsibilities among team members, and design a systematic implementation schedule. The training materials were tailored contextually to the characteristics of daily transactions commonly encountered in the service sector MSMEs, particularly in healthcare clinics. This encompassed the preparation of practical bookkeeping aids and the use of relevant case examples to enhance participant engagement and comprehension.

The program unfolded in three well-structured stages. First up were observation and assessment: we took a close look at the business processes and current financial recording systems in place at the MSMEs. Participants got an introduction to the basics of logging transactions and simple bookkeeping principles tailored to their needs. We covered things like the types of financial transactions worth tracking, why bookkeeping matters, and the straightforward steps to put records together. The main aim here was to spark awareness and motivation about keeping finances organized for better business management. From what we observed, participants were diligent and excited especially once they saw how these records paint a full picture of business performance. They shared that this was their first time using structured tools and methods like this. This lines up with earlier research showing that financial education can really boost MSME owners' awareness and skills in basic bookkeeping (Triguero et al., 2020; Amalia et al., 2024).



**Figure 2. Early-Stage Observation**

After that initial stage, we teamed up with the clinic staff to inventory the assets at Dental Clinic ABC and build out a relevant chart of accounts (table 1). This involved grouping accounts, logging fixed assets, and estimating depreciation. We kept in regular touch with the clinic to double-check the data for accuracy and reliability. Next, we designed a financial reporting system using Microsoft Excel chosen because it's user-friendly and easy for busy entrepreneurs to access. We also put together a handy pocket guide for creating financial reports in Excel, fine-tuned to the clinic's specific operations. The hope is that with this guide, the clinic can handle their own reports independently once our support wraps up.

**Table 1. Chart of Account Dental Clinic ABC**

<b>Account Code</b>	<b>Account Name</b>
<b>100</b>	<b>SEAMLESS ASSETS</b>
<b>101</b>	That
<b>102</b>	Independent Bank
<b>103</b>	Bank BCA
<b>104</b>	Small cash
<b>105</b>	Patient receivables
<b>106</b>	Purchase advance
<b>107</b>	Supplies of medicines and medical materials
<b>108</b>	Merchandise inventory
<b>120</b>	<b>FIXED ASSETS</b>
<b>121</b>	Medical equipment
<b>122</b>	Equipment shrinkage accumulation
<b>123</b>	Accumulated depreciation of medical assets
<b>124</b>	Accumulated depreciation of non-medical assets
<b>200</b>	<b>DEBT</b>

210	SHORT-TERM DEBT
211	Business debt
212	Payroll debt
213	Tax debt
214	Interest debt
215	Service debt is received in advance
220	LONG-TERM DEBT
300	CAPITAL
301	Owner's capital
302	Private
400	INCOME
401	Sales
402	Sales Discount
403	Administrative income
404	Dental Conservation Income
405	General action revenue
406	Prosthodontic income
407	Prosthodontic income
408	Oral surgery income
409	Periodontal income
410	Children's dental income
411	Other income
500	LOAD
501	Employee payroll burden
502	Salary burden of experts
503	Electrical load
504	Internet load
505	Utility load
506	Operating expenses
507	Marketing expenses
508	Administrative burden
509	Other loads
510	Tax burden
511	Service Load
512	Rental load
513	Medical depreciation burden
514	Non-medical depreciation load

During the implementation phase, we rolled out the new recording system and sample financial reports through hands-on sessions and interactive simulations. We drew from real clinic activities, like buying supplies, paying staff, and handling service sales, to make demonstrations relatable. Participants practiced entering these into a general cash book and then posting them to a basic ledger. Combining digital tools with practical training has proven to sharpen financial accuracy for MSMEs (Ali & Farrukh, 2022). Engagement was sky-high in these practice runs, thanks to how directly the content tied into their daily work. A hands-on, participatory style like this tends to work better than traditional lectures for building MSME skills (Karlan et al., 2016). Plus, tailoring the learning to local contexts helps micro-entrepreneurs actually adopt these tools more readily (Rambe & Mosweunyane, 2017).



**Figure 3. The Team Discussed the Best Reporting System for ABC Dental Clinic**



**Figure 4. The Handover of Program Outcomes**

We wrapped up with discussion and evaluation sessions, giving a chance to reflect on what they'd learned, ask questions, and swap stories. These talks highlighted how much clearer the value of structured bookkeeping had become for them especially for monitoring cash flow and making smarter, data-backed decisions. Feedback was overwhelmingly positive, with high marks for the training content and our mentoring approach. Folks were eager to put the new system to work in their everyday operations. Furthermore, the deliverables of the financial reporting program were formally presented as a significant outcome of the capacity-building initiative, which was designed to enhance the quality and accuracy of financial reporting practices. To close things out, we snapped a group photo together, capturing the spirit of collaboration and the real enthusiasm sparked by this empowerment journey.

## **CONCLUSIONS AND RECOMMENDATIONS**

This community service program was designed to enhance financial literacy and the capabilities of Micro, Small, and Medium Enterprises (MSMEs) in preparing financial reports. The implementation of the financial report preparation mentoring activities has yielded positive impacts for the participants, namely the ABC Dental Clinic. The outputs of this program include: (1) financial reports for the ABC Dental Clinic covering the periods of May and June 2025, (2) a Microsoft Excel-based financial reporting system, and (3) a pocket book serving as a guide for utilizing the Excel system.

The execution of the financial report preparation mentoring has contributed positively to the operations of the ABC Dental Clinic, as evidenced by evaluation results indicating: (1) an increase in understanding of the financial recording process, (2) the participants' ability to prepare financial reports independently, and (3) plans to utilize the Excel system for the ABC Dental Clinic's future financial reporting.

Moving forward, it is recommended to continue the mentoring program with varied topics while still maximizing MSME potential through alternative approaches, such as optimizing the use of social media and other digital platforms, as well as improving the quality of promotional content. The introduction of accounting applications for MSMEs should be conducted periodically with diverse materials to better prepare MSME actors to compete in the digital era. Additionally, marketing literacy represents a crucial aspect for MSME operators. Therefore, the dissemination of accounting knowledge to MSMEs is advised to be carried out progressively and systematically.

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