



Assistance in Compiling Cash Flow Reports for Small Businesses in Kerinjing Village

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Abstract: Cash flow statement is an important report for every company. Cash flow is described as cash inflows and cash outflows. Cash flow statements are often used to describe the company's ability to meet operating costs and company obligations, so that in order to generate additional profits, the company must have cash to reinvest. Broadly speaking, the cash flow statement consists of three activities, namely operational activities, investing activities and financing activities. Each of these activities has its own role in the cash flow statement. The focus of problems faced by small businesses in general is not making bookkeeping, so they do not prepare financial reports including cash flow statements. This will cause the business process to falter and even go bankrupt. In addition, bookkeeping can be useful for knowing the company's financial condition, avoiding fraud, and can also help in making decisions. This Community Service will be carried out in Kerinjing village. This activity will be carried out by providing technical guidance to small business actors, where small business actors will be given prior knowledge of accounting science, the importance of accounting in a business, as well as financial reports, especially cash flow reports. Then they will also be given technical guidance on how to prepare a cash flow statement and will be given assistance in preparing a cash flow statement for their business.

Keywords: Assistance, Preparation, Accounting, Cash flow, Operational

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1. INTRODUCTION

To be able to run a business, every company needs funds. Funds received by the company are used to buy fixed assets, produce goods and services, purchase materials for production and sales, for accounts receivable, hold cash inventories, for transactions and to maintain the company's liquidity. In a company there is a function of using funds or allocating funds as well as a function of fulfilling funding needs or a funding function. The function of using funds must be carried out efficiently in order to generate maximum investment returns or profitability. The function of using funds includes planning and controlling the use of assets, both current and fixed assets. The allocation of these funds is based on proper planning so that the use of funds can be carried out optimally.

The importance of this community service program is expected to provide benefits for MSME managers in Kerinjing village in compiling or making cash flow reports. Meanwhile, the Cash Flow Statement has an important meaning in knowing where the cash coming from the company in the current period is used for what cash flows out of the company and the amount of changes in cash balances during a certain period (Marshall & Romney, 2015).

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to describe the company's ability to meet operating costs and company obligations, so that in order to generate additional profits, the company must have cash to reinvest. Broadly speaking, the cash flow statement consists of three activities, namely operational activities, investing activities and financing activities. Each of these activities has its own role in the cash flow statement.

As a form of dedication, Sriwijaya University implements a village program. As is known, the Assisted Village Program includes 5 assisted villages, namely 15 October 2015 at Ulak Kerbau Baru Village, Ogan Ilir held by the Engineering Faculty, 20 October 2015 at Pelabuhan Dalam Village, Ogan Ilir organized by the Engineering Faculty, 21 October 2015 in Ibul Village Besar, Ogan Ilir was organized by the Faculty of Public Health, on 22 October 2015 in Pemulutan Village, Ogan Ilir was organized by the Faculty of Engineering, and on 27 October 2015 in Kota Daro II Village and Kerinjing Village, Ogan Ilir was organized by the Faculty of Economics.

Kerinjing Village consists of swampy areas and land which reaches 50 percent. The community depends on farming, including rice fields. In addition to farming, the Kerinjing community uses their land in the plantation sector, including rubber and some of the community make a living by trading, in addition to many villagers who depend on making a home industry business, for example a cracker business. To be able to run a business every company needs funds. The funds received by the company are used to purchase fixed assets, produce goods and services, purchase materials needed for production and sales, for trade receivables, hold cash inventories, for transaction purposes and to maintain company liquidity. In a company there is a function of using funds or allocating funds as well as a function of meeting the needs of funds or a funding function. The function of using funds must be carried out efficiently in order to generate maximum investment returns or profitability. The function of using funds includes planning and controlling the use of assets, both current assets and fixed assets (Dun, 2000). The allocation of these funds is based on proper planning so that the use of funds can be carried out optimally.

The importance of this community service program is expected to provide benefits for MSME managers in Kerinjing village in compiling or making Cash Flow Reports. Meanwhile, the Cash Flow Statement has an important meaning to find out where the cash coming into the company in the current period, is used for what cash is coming out of the company and how much the cash balance changes during a certain period (Lestari, 2014). Cash flow is described by cash inflows and cash outflows. Cash flow statements are often used to describe the company's ability to meet operational costs and company obligations, in order to generate additional profits, the company must have cash to reinvest. Broadly speaking, the cash flow statement consists of three activities, namely operating activities, investing activities and financing activities. Each of these activities has its own role in the statement of cash flows. According to Martani (2016), in his book "Intermediate Financial Accounting", a cash flow statement is a report that presents information about cash inflows and cash outflows and cash equivalents of an entity for a certain period. Through a cash flow statement, users of financial statements want to know how the entity generates and uses cash and cash equivalents. According to Warren et al., (2002), a statement of cash flows reports the main cash inflows and outflows from a company during a certain period.

2. LITERATURE REVIEW

2.1. Definition of a cash flow statement

According to Martani (2016), in his book "Intermediate Financial Accounting", a cash flow statement is a report that presents information about cash inflows and cash outflows and cash equivalents of an entity for a certain period. Through a cash flow statement, users of financial statements want to know how the entity generates and uses cash and cash equivalents. According to Carls S. Warren et al., (2002), a statement of cash flows reports the main cash inflows and outflows from a company during a certain period.

In a narrow sense, the cash flow statement is a financial statement that presents the inflows and outflows from a company. The cash flow statement provides useful information about a company's ability to Generate cash from operating activities, Maintain and increase operating

capacity, Fulfill financial obligations, and Pay dividends (Santoso, 2020).

2.2. Cash Flow Statement Classification

According to PSAK 2 (Revised 2009), cash flow statements are classified into three types of activities, namely:

1. Operating activities are the main revenue-generating activities of the entity and other activities that are not investing and financing activities.
2. Investing activities are activities in the form of acquiring and disposing of long-term assets and other investments that do not include cash equivalents Financing activities are activities
3. that result in changes in the amount and composition of the entity's capital and borrowing contributions.

The basic format for a cash flow statement is as follows:

Cash flow statement	
Cash flow from operating activities	xxx
Cash flow from investing activities	xxx
Cash flows from financing activities	xxx
Increase / decrease in net cash flow	xxx
Beginning cash balance	xxx
Ending cash balance	xxx

Operating Activities are cash inflows from the sale of goods and services, royalty or commission receipts, interest income and dividends received. Cash outflows for payments from suppliers, employees, taxes and loan interest. *Investment Activities* is Cash inflows from sale of fixed assets, sale of intangible assets, sale of shares or debt instruments of other entities, receipts from loan payments made to other entities (Januarsari, 2011). Cash outflows for the purchase of fixed assets, purchase of intangible assets, purchase of investment in shares or money instruments of other entities, expenses for lending to other entities. *Funding Activities* is Cash inflows from issuing shares, issuing debt instruments. Cash outflows to buy back shares (treasury stock), pay debts or loans, pay dividends to shareholders (Yusnaini et al., 2020).

2.3 Purpose and Use of a Cash Flow Statement

The main objective of a cash flow statement is to present information about the changes in cash flows and cash equivalents of an entity during a period classified on the basis of operating, investing and financing activities (Rizky& Padmono, 2013). This information is useful for investors, creditors and users of financial reports to Evaluate the entity's ability to generate cash or cash equivalents, the timing and certainty of producing it; Evaluate the entity's financial structure and its ability to meet obligations and pay dividends; Understand the items that are the difference between current period income and net cash flows from operating activities (accruals); Compare operating performance between different entities, because net cash flows from the cash flow statement are not affected by differences in the choice of accounting methods and management considerations, unlike the accrual basis used in determining the entity's profit or loss; Make it easy for report users to develop a model for assessing and comparing the present value of future cash flows between different entities (Nariasih et al., 2017).

2.4 Preparation of Cash Flow Statements

Cash flows from operating activities can be prepared using the direct method and the indirect method. Both methods will produce the same results for operating cash flow.

Cash Flow Statements with direct method presents the main groups of gross cash receipts and gross cash payments. With this method, cash flow from operating activities is divided into cash in and cash out. Then arranged again into several types of cash outlays and receipts. There are several types of cash receipts and disbursements in the direct method format, consist of Cash receipts from customers, Purchases or payments to suppliers, Payment of employee salaries,

Payment of taxes and interest, Cash payments from purchases in the form of fixed assets and Cash received from issuance of shares and others. Meanwhile indirect method starting with the current period profit or loss and adjusting the profit or loss with non-cash, accrual and deferred transactions from income or expenses in investing and financing activities. Under the indirect method, the net cash flows from operating activities are determined by adjusting the net profit or loss for the effects of Changes in inventories and accounts receivable and payable during the period, Non-cash items, such as depreciation, fees, deferred tax, unrealized foreign currency gains and losses, and undistributed profits of associates and Other items related to investing and financing activities, such as profit from the sale of assets

3. METHOD

The method of implementing the service activities that we will carry out can be detailed as follows: The training provided to training participants uses the pedagogical learning method. This method provides training to participants where participants are considered as adults. The speaker gave training with a monologue then continued with a two-way dialogue between the resource person and the participants. Monologue learning is adult learning by providing one-way material to participants. Participants provide directions from resource persons on various materials and technical directions. Monologue learning is continued with a dialogue process. The dialogue process is a process of providing material and direction to participants by way of discussing, face to face and brainstorming cases and materials as well as various resource persons' directions to training participants. Monologue learning is continued with a process of dialogue and mentoring. The mentoring process is an activity that involves participants and instructors directly to work on activities carried out in this case compiling a Cash Flow Report for Small Businesses.

4. RESULT AND DISCUSSION

The event opened with a speech from the Head of Kerinjing Village, Mr. Faisal Kimi. After the opening ceremony, it was followed by the delivery of material delivered by resource persons on the topic of introduction and understanding of the cash flow statement. After that proceed with an explanation of how to prepare a cash flow statement.



Figure 1. Message from the Head of Kerinjing Village

The delivery of the material is done using a projector and distributing papers to the participants so that they can understand it completely. The participants were quite enthusiastic about listening to and paying attention to how the explanation of the cash flow report preparation process was either the direct method or the indirect method. When carrying out this community service activity, there were several obstacles that we faced, including many business actors or

training participants who did not understand the importance of financial reports, especially cash flow reports. They do not make financial reports in doing their business. At first they had difficulty understanding and preparing cash flow statements.



Figure 2. Delivery of Material Content by the Speaker

Thirty one participants consisting of small business actors in Kerinjing village participated in this assistance activity for the preparation of cash flow reports for small businesses in Kerinjing village.



Figure 3. Photo Session with Participants

After the delivery of the material by the resource person, participants were also given assistance on how to compile a cash flow report. In general, business actors do not prepare financial reports for their businesses, so at first they have difficulty preparing cash flow reports. But in the end they understand and can compile a cash flow statement.

5. CONCLUSIONS AND SUGGESTIONS

From the implementation of this community service activity, it can be concluded that this service activity is an important and useful activity for the training participants. The participants participated in this training enthusiastically and actively, until this activity was completed to get an

adequate understanding and feel the benefits of the training on preparing cash flow reports for small businesses in Kerinjing village. Suggestions submitted in connection with this service activity are Participants can implement materials regarding the preparation of cash flow reports, to support the survival of their business. Similar training can be carried out again with a wider and wider range of business actor participants, and with other topics. In addition, facilities for presentations and such as LCDs, loudspeakers, and power supply should be checked before the event is held.

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