



## **ANALYZING THE NEEDS OF FINANCIAL STATEMENTS FOR VILLAGE-OWNED ENTERPRISES TO IMPROVE THE EFFICIENCY**

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**Abstract.** This study aims to analyze the need for financial statements in Village-Owned Enterprises (BUMDes) in order to improve efficiency in the preparation and reporting of financial statements. BUMDes, which manage various business units, such as trading, rental services, telecommunications, savings and loans, and clean water management, face challenges in terms of effective and accurate financial recording and reporting. Different types of expenses, income, assets, liabilities, and equities must be carefully recorded to ensure transparent, accountable, and accountable financial statements. This study found that BUMDes financial recording is currently still semi-manual, with the use of Microsoft Excel as the main tool. This shows the need for a more integrated and automated accounting system, in order to minimize recording errors and increase efficiency. In addition, the limited ability of human resources to use digital technology is one of the obstacles that hinders the process of preparing efficient financial statements. Therefore, continuous training and mentoring are needed in the use of modern accounting technology. The recommendations of this study include increasing the use of digital technology, training staff in managing technology-based financial statements, and the implementation of a cloud-based accounting system that can be integrated with other functions such as inventory and project management. With these measures, BUMDes is expected to improve the efficiency and accuracy of their financial statements, which in turn will support transparency and accountability in village financial management.

**Keywords:** BUMDes, financial statements, efficiency, digital accounting, accounting technology

### **A. Introduction**

The development of the increasingly advanced era of globalization has caused information technology to become an important part of various aspects of life, including in the field of bookkeeping of financial statements or accounting. The use of digital technology in accounting not only facilitates the process of financial recording and reporting, but also increases accuracy, transparency, and efficiency. Village-Owned Enterprises (BUMDes) are a form of business established by the village government with the aim of optimizing the potential of the local economy and improving the welfare of the village community (Iriyanti & Munandar, 2023).

According to Law No. 11 of 2020, BUMDes are legal entities established by villages to manage businesses, utilize assets, develop investment and productivity, and provide services or other types of businesses for the maximum welfare of the village community. BUMDes can be in the form of cooperatives, limited liability companies, or other forms of business. The profits from BUMDes businesses can be used to increase village original income, finance village



development, and improve the welfare of village communities. The Government of Indonesia provides support, such as training, capital assistance, and market access for the establishment of BUMDes (Aprilia et al., 2022).

The contribution of BUMDes to provide prosperity and welfare for the community can be seen from the source of funds to increase the original income of the village, meet the needs of the village, and develop the village independently. The establishment of BUMDes managed by the community and the village government has the goal of utilizing all economic potential, as well as natural resources and human resources in order to improve the services and welfare of the village community, obtain benefits to increase the original income of the village, and develop a digital economy ecosystem within the village scope (Puspita et al., 2022; Najmudin et al., 2024).

The purpose of this study is to analyze the need for financial statements in BUMDes to increase the level of effectiveness and efficiency in the preparation and reporting of financial statements. BUMDes, which manage various business units, such as trading, rental services, telecommunications, savings and loans, and clean water management, face challenges in terms of effective and accurate financial recording and reporting. Different types of expenses, income, assets, liabilities, and equities must be carefully recorded to ensure transparent, accountable, and accountable financial statements (Widjayanti & Najmudin, 2023). The performance of BUMDes can be measured from various elements including the level of cooperation, participation, and emancipation of management and community in BUMDes empowerment, transparency, and accountability programs (Fuadi et al., 2022).

For the preparation of BUMDes financial statements, they should concern themselves with guidelines according to the Decree of the Minister of Villages, Development of Disadvantaged Regions, and Transmigration of the Republic of Indonesia No. 136 of 2022. It has the advantage to realize administrative order, transparency, accountability, efficiency, and effectiveness in the financial management of BUMDes. It is necessary to prepare guidelines for the preparation of financial statements. This guide for the preparation of financial statements of Village-Owned Enterprises is a reference document in identifying, classifying, measuring and recording BUMDes transactions into financial statements (Syarifudin & Najmudin, 2024).

The main problem faced by BUMDes is the limitations in the application of accounting in the digital financial reporting system so that financial statements are still prepared manually and there is no transparency in BUMDes financial management. In addition, the ability and knowledge of BUMDes managers who are still not able to apply the accounting system in making BUMDes financial reports. BUMDes needs human resources who have the competence to manage quality and accountable financial reports (Lestari et al., 2023; Winanto et al., 2023).

Managers of BUMDes who are experienced in working and have been given training can improve the quality of BUMDes financial reports (Hapsari et al., 2024). Quality financial reports have qualitative characteristics, namely reliable, relevant, comparable, must be understood and analyzed by BUMDes managers so that decisions can be made for the development of BUMDes to be better. All information obtained from financial statements is a guideline in decision-making related to BUMDes business units. The accounting information system in financial statements plays a role in simplifying the process of planning and supervising transactions that occur in BUMDes (Yuliastari et al., 2022; Septiyani et al., 2022; Wibowo et al., 2022).

## **B. Methods**

This research is qualitative research with a descriptive approach. The descriptive method is used to describe a phenomenon by analyzing the state of the subject or object of research, which can be an individual, institution, society, or other entity, based on the facts that exist today, then draw conclusions from the results of the research. The object of this research is



BUMDes Marga Jaya Somagede Village, Banyumas Regency with a focus on BUMDes financial statements for the 2024 period. The research data was collected through questionnaires and documentation of financial statements obtained from the BUMDes as well as interviews with several BUMDes managers. In data processing and analysis, this study uses descriptive analysis. Researchers carefully collect data to then analyze and conclude the results (Malasari & Safitri, 2022).

#### 1. Time and Place of Research

The research was carried out in BUMDes Marga Jaya, Somagede District, Banyumas Regency, Central Java from April to August 2024. Research activities consist of 2 stages, namely mentoring and training. Assistance and training in the financial accounting report system has the goal that BUMDes managers have knowledge and skills about the financial statement accounting system. Therefore, they can produce quality financial reports that can be trusted by information users. This mentoring and training can improve the skills of BUMDes managers in using an integrated accounting system through various software.

#### 2. Training and Assistance for BUMDes Financial Statements

This financial report training and assistance activity is carried out in five stages. The first is preparation for initial observation and coordination with the BUMDes or village government. The second is analysis of the needs of BUMDes financial statements. The third is mentoring and training in accounting practices using one of the accounting applications to support the needs of BUMDes. The fourth is mentoring BUMDes financial statements prepared by managers. The last is evaluation of focus group discussions to find out the difficulties and solutions provided by the researcher as well as evaluation material.

### C. Results and Discussion

#### 1. Analysis of the Needs of BUMDes Financial Statements

The results of the analysis have been carried out through the distribution of questionnaires to find out the need for BUMDes financial statements. It can be seen that the process of recording BUMDes financial statements is still semi-manual with the use of Microsoft Excel as the main tool. The accounting recording procedure uses the recording of one accounting cycle, namely general journals, general ledgers, balance sheets, income statements, equity change reports, and using the Microsoft Excel of BUMDes financial application. BUMDes ensures the accuracy and completeness of the recorded financial data by storing proof of transactions, both physical and digital, to ensure data completeness. The supervisory steps carried out by BUMDes to ensure that all revenues are recorded correctly and the data match with evidence of transactions that occur. When it is appropriate, then the next is the end-of-period supervision report and assessment of the realization of the work program plan.

Management of BUMDes checks periodically so that the management checks and ensures that the asset recording is accurate. Before the financial report is reported, there is a review or internal audit process from the BUMDes manager. BUMDes will immediately revise or improve if after the audit process there is data that needs to be corrected. BUMDes always conducts coordination meetings, submits financial statements, and conducts supervision reports on financial statements so that financial statements remain in accordance with applicable rules or regulations. Supervision by the village government by reviewing and examining the financial statements submitted by BUMDes (Atmadja et al., 2024).

This financial report is used as a communication tool used by the Director of BUMDes to the village government to report the results of the business carried out during 1 period. The results of this report are used by the Village Government to make policies for the next period. However, if the financial statements are not prepared according to standards, this will cause the



policies taken by the village government to be less relevant (Yusri et al., 2022). The steps taken by BUMDes in analyzing the needs of BUMDes financial statements are:

a. Identify Needs and Goals

Identify the specific needs of BUMDes related to accounting, such as daily transaction recording, financial reporting, inventory management, administration and internal audit. Determine the main objectives of the use of technology in financial reporting, for example to improve efficiency, transparency, and accuracy in financial management.

b. Technology Infrastructure Analysis

Analysis of the existing technology infrastructure in BUMDes, including hardware, software, and internet connectivity. Identify new technologies needed to implement digital accounting through applications, servers, accounting software and internet connections.

c. Accounting Software Development

Designed software with a focus on accounting functionality, including modules for recording transactions, financial statements, and dashboards for accounting. Integrating software with existing accounting systems or building new systems that are more efficient and user-friendly for BUMDes to manage then ensures the security of financial data by implementing encryption, double authentication, and regular backups.

d. HR Training and Development

Providing technical training to BUMDes administrators on the use of accounting software, including how to enter transaction data, process transaction data, and produce digital-based financial reports. Improve the ability of administrators to manage and analyze financial data for better decision-making.

e. Implementation and Evaluation

Implement financial reporting in phases to ensure adaptation goes well and overcome technical obstacles that may occur.

Currently, BUMDes uses accounting software, namely Microsoft Excel, to help make financial reports, because it is considered quite easy in its operation. BUMDes ensures accounting security data such as creating a password for the financial report application so that financial statements can only be edited or made by BUMDes administrators so that the security of accounting data is maintained. The obstacle that is often faced is that the ability of BUMDes administrators to use digital technology is still limited. It is hoped that in the future there will be more applications for BUMDes financial statements that are simple and easy to understand so that BUMDes administrators can operate them easily.

## 2. Bookkeeping of Financial Accounting Statements

BUMDes are required to make financial reports to all BUMDes business units every month in an honest and transparent manner. Financial statements are a form of financial communication that contains financial information of an organization in a certain period (Iriyanti & Munandar, 2023). In principle, the financial statements of BUMDes are not much different from the financial statements of other institutions. BUMDes must conduct transaction analysis, recording or bookkeeping systematically for all transactions that occur. The recording uses a digitally integrated accounting system. Accounting is used to present financial information for users of information systems, both internal and external parties as a basis for decision-making.

The internal parties of BUMDes are the managers and board of commissioners, while the external parties of BUMDes are the village government, districts, creditors, communities, and taxation. According to the Decree of the Minister of Villages, Development of Disadvantaged Regions and Transmigration of the Republic of Indonesia Number 136 of 2022, the objectives of the preparation of financial statements of Village-Owned Enterprises are as follows:



- a. As a guideline for the implementation of accounting functions in Village-Owned Enterprises in carrying out activities of recognition, measurement, presentation, disclosure of transactions or financial events, as well as the preparation of financial statements;
- b. Reference for public accountants in carrying out audits of the financial statements of Village-Owned Enterprises;
- c. As a guideline for other financial report users in reading, understanding or interpreting the financial statements presented by BUMDes.
- d. As a source of reference or reference in solving problems related to accounting policies and accounting treatment of a transaction or activity of Village-Owned Enterprises in order to ensure consistency and uniformity in the implementation of Village-Owned Enterprises accounting.

Table 1. Comparison of the level of knowledge, ability, and financial performance of BUMDes before and after assistance

No	Aspects	Before the Mentoring Program	After the Mentoring Program	Change
1	Level of Knowledge	Limited knowledge of accounting and financial management	Better understanding of accounting and financial reporting concepts	Significant improvement
2	Financial Management Skills	Ability to record and report financially is still low	Able to prepare financial reports better and on time	Upskilling
3	Application of Accounting Technology	Still using manual or conventional methods	Simple use of <i>accounting software</i> with <i>Microsoft Excel</i> for record-keeping and reporting	Technology adaptation is on the rise
4	Financial Performance	Low financial management efficiency, frequent errors in financial statements	Increased efficiency, and accuracy in financial reporting	Financial performance improves
5	Transparency and Accountability	Transparency and accountability are still low	Increased transparency and accountability, trust from the public and <i>stakeholders</i>	Increased trust
6	Decision	Decision-making based on limited intuition or experience	More data-driven decisions and accurate financial information	Improved quality of decisions

The approach taken to improve the efficiency of financial statements is the training and mentoring method. Indicators in achieving goals by comparing the level of knowledge and ability as well as financial performance of BUMDes before and after the service program through this training and mentoring.

Table 1 and Figure 1 shows that the training and mentoring program for accounting financial statements has a significant positive impact on the financial ability and performance of BUMDes.

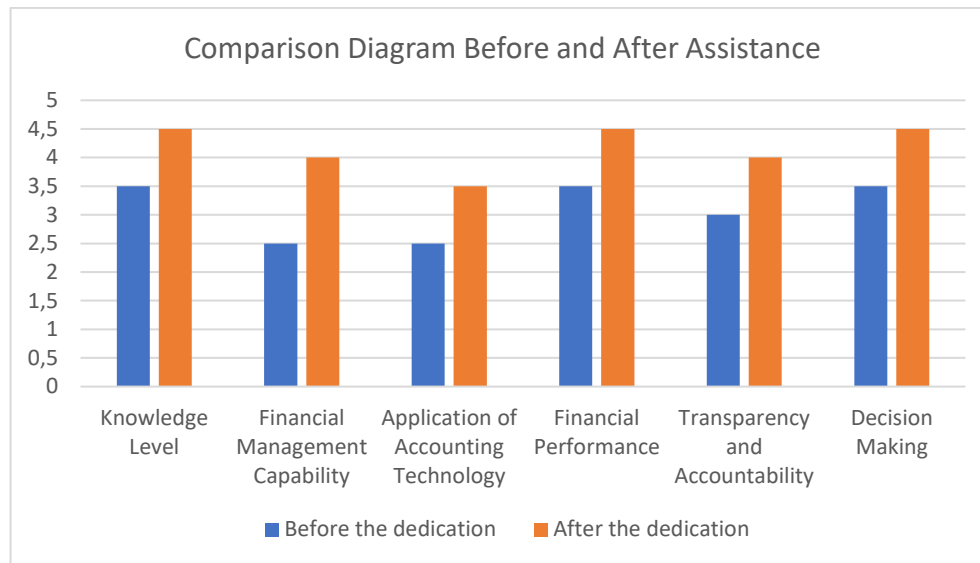


Figure 1. Comparison diagram before and after assistance

#### D. Conclusion

The analysis of the needs of BUMDes financial statements shows that there is a significant gap in the understanding and application of appropriate accounting standards by BUMDes managers. These limitations result in inefficiencies in the financial reporting process, including errors in recording, lack of transparency, and delays in the preparation of reports. This analysis focuses on increasing the capacity of BUMDes managers in the preparation and management of financial reports so that they are able to increase the efficiency, accuracy, and transparency of financial statements. In addition, the implementation of simple accounting technology can help in simplifying the recording and reporting process, resulting in more reliable and timely financial reports.

By increasing efficiency in financial statements, BUMDes can optimize resource management, increase accountability, and strengthen public and stakeholder trust. Therefore, continuous training and mentoring programs, as well as the application of appropriate technology, are indispensable to achieve better financial governance in BUMDes.

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