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Guidance on Understanding Short- and Long-Term Securities Investments and Simulation of Their Recording as an Alternative for Business Fund Management at Archive Studio MSME

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Abstract: Micro, small, and medium enterprises (MSMEs) frequently encounter challenges in financial recordkeeping and cash management, limiting their ability to make informed financial decisions and sustain business growth. While previous community engagement programs have primarily focused on introducing simple bookkeeping based on the Indonesian Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM), limited attention has been given to integrating financial reporting with investment management strategies. This community service project aimed to enhance financial literacy by providing assistance in preparing simple financial statements and introducing short- and long-term securities investments as alternative approaches to managing surplus business funds. The program was implemented at Archive Studio, a clothing retail MSME in Makassar, Indonesia, using a participatory assistance approach involving observation, interviews, financial transaction analysis, mentoring sessions, and accounting simulations. The activities resulted in the preparation of complete financial statements, including journals, ledgers, income statements, statements of changes in equity, and statements of financial position. In addition, participants gained practical understanding of the accounting treatment for short- and long-term securities investments through transaction simulations. The mentoring process also improved the participant's ability to distinguish between business assets, operating expenses, and owner withdrawals, thereby supporting more transparent financial management. The novelty of this program lies in integrating SAK EMKM-based financial reporting with securities investment accounting simulations, providing MSMEs with a comprehensive framework for both financial reporting and strategic fund allocation. This integrated approach contributes to strengthening financial literacy and offers a practical model for improving MSME financial sustainability and decision-making.

Keywords: MSMEs; SAK EMKM; financial literacy; securities investment; financial reporting; community engagement.

1. Introduction

Micro, Small, and Medium Enterprises (MSMEs) are widely recognized as the backbone of economic development due to their substantial contribution to employment generation, poverty reduction, regional economic resilience, and sustainable economic growth. In developing countries, particularly Indonesia, MSMEs dominate the national business structure and contribute significantly to Gross Domestic Product (GDP). Beyond their economic contribution, MSMEs also play a strategic role in promoting inclusive growth by creating employment opportunities for low-income communities and strengthening local supply chains. However, despite their significant contribution to economic development, many MSMEs continue to experience managerial and financial challenges that limit their competitiveness and long-term sustainability. One of the most persistent challenges is the limited implementation of standardized financial reporting and inadequate financial management practices **(Habibah & Astuti, 2024; Januari et al., 2024; Astuti & Tjahjono, 2025).**

Financial management represents one of the fundamental determinants of MSME sustainability because it provides reliable information for operational planning, performance evaluation, investment decisions, and access to external financing. Nevertheless, many MSME owners still rely on informal bookkeeping systems that focus only on cash inflows and outflows without preparing complete financial statements. Such practices hinder entrepreneurs from accurately assessing business profitability, asset ownership, inventory valuation, operating expenses, and capital growth. Consequently, business decisions are frequently based on intuition rather than objective financial information, thereby increasing business risk and reducing operational efficiency **(Arrasyidah & Syarif, 2024; Nugraha et al., 2024; Astuti & Tjahjono, 2025).**

To address these issues, the Indonesian Institute of Accountants introduced the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM), which provide simplified accounting standards specifically designed for MSMEs. Compared with full financial accounting standards, SAK EMKM emphasizes practicality while maintaining accountability and transparency. The implementation of SAK EMKM enables MSMEs to prepare financial statements that are more understandable, comparable, and useful for stakeholders, including financial institutions, investors, and government agencies. Standardized financial reporting also improves business credibility and facilitates access to financing opportunities, which are essential for business expansion and long-term sustainability. However, empirical evidence indicates that the adoption rate of SAK EMKM remains relatively low because many entrepreneurs have limited accounting knowledge and receive insufficient technical assistance **(Habibah & Astuti, 2024; Saputra et al., 2024; Azahra et al., 2024).**

Recent studies consistently demonstrate that financial literacy is positively associated with accounting quality, business performance, and financial sustainability among MSMEs. Financial literacy enables entrepreneurs to understand accounting information, manage cash flows effectively, evaluate financing alternatives, and make rational investment decisions. Entrepreneurs possessing higher levels of financial literacy generally demonstrate better financial planning, stronger internal control systems, and improved business resilience. Conversely, limited financial knowledge often results in inaccurate financial records, inefficient resource allocation, and difficulties in obtaining external financing. These findings emphasize that improving financial literacy should become an integral component of MSME empowerment programs rather than merely introducing accounting standards **(Arrasyidah & Syarif, 2024; Baveja & Verma, 2024; Jiang & Shimizu, 2024).**

Besides financial reporting, another important aspect of financial management concerns the utilization of excess business funds. Many MSMEs accumulate temporary cash surpluses after fulfilling operational requirements. Unfortunately, these funds frequently remain idle because entrepreneurs have limited knowledge regarding investment alternatives that can generate additional returns without disrupting business operations. Productive cash management requires entrepreneurs to understand various financial instruments, including short-term and long-term securities investments, as alternative strategies for increasing financial performance while maintaining liquidity. Investment decisions should therefore be supported by adequate financial literacy and appropriate accounting treatment to ensure accountability and transparency **(Jiang & Shimizu, 2024; Baveja & Verma, 2024).**

Short-term investments generally provide relatively high liquidity and are intended to meet temporary cash management objectives. Examples include money market mutual funds and short-term government securities that can be converted into cash within a relatively short period. Meanwhile, long-term investments, including stocks and bonds, are generally intended to generate capital appreciation and long-term returns despite involving higher investment risks. Although these investment instruments have become increasingly accessible through digital financial platforms, many MSME owners remain unfamiliar with their characteristics, associated risks, expected returns, and accounting treatment. Consequently, entrepreneurs often hesitate to diversify business funds into productive financial assets due to uncertainty regarding investment management and financial reporting implications **(Baveja & Verma, 2024; Jiang & Shimizu, 2024).**

The increasing digitalization of financial services further strengthens the importance of financial literacy and investment education among MSMEs. Digital financial technology has significantly expanded access to investment products, enabling small business owners to participate in financial markets with relatively small capital requirements. Nevertheless, greater accessibility also exposes entrepreneurs to higher investment risks, including fraudulent investment schemes, market volatility, and poor investment decisions resulting from insufficient financial knowledge. Therefore, investment education should not only introduce investment products but also emphasize risk management, portfolio diversification, liquidity considerations, and accounting recognition of investment transactions. Such comprehensive education will enable entrepreneurs to utilize financial assets more strategically while maintaining business sustainability **(Chen & Guo, 2024; Thomas et al., 2024; Astuti & Tjahjono, 2025).**

Numerous community engagement and academic studies have demonstrated that accounting training and financial assistance significantly improve MSMEs' capability to prepare standardized financial statements. Previous programs mainly focused on bookkeeping practices, transaction recording, financial statement preparation, and the implementation of SAK EMKM. The results consistently indicate improvements in accounting knowledge, financial reporting quality, and entrepreneurs' confidence in managing business finances after participating in structured mentoring programs. However, most existing studies remain limited to financial statement preparation and rarely integrate financial reporting education with investment management practices that could enhance long-term business sustainability **(Habibah & Astuti, 2024; Muhammad et al., 2024; Saputra et al., 2024).**

2. Literature Review

2.1 Financial Management in Micro, Small, and Medium Enterprises (MSMEs)

Financial management is a fundamental component of business sustainability because it enables organizations to plan, monitor, and control financial resources effectively. Within MSMEs, financial management encompasses budgeting, cash flow management, bookkeeping, financial reporting, investment planning, and financial decision-making. Unlike large corporations, MSMEs frequently encounter resource limitations, including inadequate accounting expertise, limited financial literacy, and insufficient internal control systems. These constraints often lead to poor financial planning and reduce the ability of MSMEs to respond to business uncertainties and market dynamics (Rekha et al., 2025). Previous studies indicate that effective financial management contributes significantly to improving business performance, profitability, operational efficiency, and long-term sustainability. Accurate financial information allows entrepreneurs to evaluate business performance objectively, determine appropriate pricing strategies, forecast future cash flows, and identify potential investment opportunities. Conversely, weak financial management frequently results in poor decision-making, cash shortages, and limited access to external financing because financial institutions generally require standardized financial statements before approving credit applications (Ayem et al., 2024; Rekha et al., 2025).

2.2 Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM)

The Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) were developed by the Indonesian Institute of Accountants (IAI) to provide a simplified accounting framework specifically designed for MSMEs. The primary objective of SAK EMKM is to improve the quality, consistency, and comparability of financial reporting while reducing the complexity associated with full financial accounting standards. According to recent literature, the implementation of SAK EMKM enhances financial transparency and accountability by encouraging MSMEs to prepare standardized financial statements consisting of statements of financial position, income statements, and notes to financial statements. The adoption of SAK EMKM also improves business credibility and facilitates access to external financing because standardized financial reports provide reliable information for creditors and investors (Ayem et al., 2024). Despite these advantages, numerous studies report that SAK EMKM implementation remains relatively limited due to insufficient accounting knowledge, lack of training, inadequate human resources, and limited awareness among business owners. Consequently, mentoring programs and accounting assistance have become important strategies for improving the implementation of SAK EMKM within Indonesian MSMEs (Ayem et al., 2024).

2.3 Financial Literacy and MSME Sustainability

Financial literacy refers to an individual's ability to understand financial concepts, evaluate financial information, and make appropriate financial decisions that improve economic well-being. Within MSMEs, financial literacy extends beyond basic bookkeeping and includes knowledge of budgeting, financing, investment, taxation, risk management, and financial reporting. A recent systematic literature review demonstrates that financial literacy has become one of the strongest determinants of MSME performance, financial inclusion, access to finance, and business sustainability. Financially literate entrepreneurs are more capable of managing cash flows, preparing financial statements, evaluating investment alternatives, and maintaining business resilience during economic uncertainty. Conversely, low financial literacy often contributes to poor financial management, weak internal control, inaccurate accounting records, and limited access to financial services (Rekha et al., 2025). Furthermore, financial literacy supports strategic decision-making by enabling entrepreneurs to distinguish productive expenditures from non-productive spending and to allocate financial resources more efficiently. Therefore, improving financial literacy should be integrated into MSME development programs through continuous education, mentoring, and practical financial training rather than relying solely on theoretical instruction (Gusnafitri & Martha, 2024).

2.4 Securities Investment as an Alternative for Business Fund Management

Investment represents one of the strategic financial decisions undertaken by business entities to maximize returns from excess funds while maintaining business sustainability. Securities investment generally consists of short-term investments, such as money market instruments and marketable securities, and long-term investments, including stocks, corporate bonds, and mutual funds. For MSMEs, investment activities should be conducted only after operational liquidity requirements have been fulfilled. Proper investment decisions require adequate financial literacy because entrepreneurs must evaluate expected returns, investment risks, liquidity needs, and market conditions before allocating business funds. Financial literacy significantly influences investment confidence, investment participation, and the quality of investment decisions, particularly among new investors participating in capital markets (Baveja & Verma, 2024). In accounting practice, securities investments are recognized as assets rather than operating expenses. Consequently, MSME owners should understand not only investment products but also the accounting treatment associated with investment acquisition, valuation, income recognition, and investment disposal. Such knowledge enables entrepreneurs to maintain transparent financial reporting while utilizing idle funds more productively.

2.5 Community-Based Accounting Assistance for MSMEs

Community engagement programs focusing on accounting education have increasingly become an effective mechanism for improving MSME financial capability. Previous mentoring programs generally include transaction recording, bookkeeping, financial statement preparation, and the implementation of SAK EMKM. Existing evidence consistently indicates that accounting assistance significantly improves bookkeeping accuracy, accounting knowledge, financial reporting quality, and entrepreneurs' confidence in managing business finances. However, most previous community service programs have primarily emphasized bookkeeping and financial statement preparation without integrating investment education into financial management training (Ayem et al., 2024). This limitation indicates an important research gap because MSMEs require not only standardized accounting knowledge but also practical understanding regarding productive utilization of excess business funds through appropriate investment instruments. Therefore, integrating accounting assistance with securities investment education provides a more comprehensive financial management approach that supports both operational efficiency and long-term business sustainability.

3. Research Methods

3.1 Research Design

This study employed a **participatory community engagement approach** using a descriptive qualitative design to improve financial literacy and accounting competencies among Micro, Small, and Medium Enterprises (MSMEs). The participatory approach emphasizes active collaboration between the service team and the MSME owner throughout the mentoring process, allowing participants to directly apply accounting concepts and receive continuous feedback during the implementation. Rather than focusing on hypothesis testing, this approach aims to solve practical financial management problems while simultaneously strengthening participants' knowledge and decision-making capacity. The program integrated accounting mentoring based on the Indonesian Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) with financial literacy education concerning short- and long-term securities investments. This integrated framework was designed to provide participants with practical competencies in preparing standardized financial statements while introducing investment management as an alternative strategy for utilizing surplus business funds.

3.2 Research Site and Participant

The community engagement program was conducted at **Archive Studio**, a clothing retail MSME located in **New Zamrud Commercial Area, Bua Kana, Rappocini District, Makassar, South Sulawesi, Indonesia**. Archive Studio was selected purposively because it represents an MSME with relatively diverse financial transactions, including merchandise sales, inventory purchases, operating expenses, acquisition of business assets, and owner withdrawals. Prior to the implementation of the program, Archive Studio had not prepared financial statements in accordance with SAK EMKM. Financial transactions were recorded manually and had not yet been systematically classified into accounting accounts. Consequently, the business owner experienced difficulties in identifying actual business performance, financial position, and available funds for future investment decisions. The primary participant of this community engagement program was the business owner, who actively participated in all mentoring activities, discussions, accounting simulations, and evaluation sessions.

3.3 Data Collection Techniques

Data collection was conducted from **15 to 29 June 2026** using several complementary techniques to obtain comprehensive information regarding the financial management practices of Archive Studio.

Observation

Direct observation was conducted to identify the operational characteristics of the business, transaction flows, inventory management, and existing bookkeeping practices. The observation also enabled the service team to understand how financial information was generated and utilized in daily business activities.

Semi-Structured Interviews

Semi-structured interviews were conducted with the business owner to obtain information regarding business history, initial capital, revenue sources, expenditure patterns, financial management practices, and challenges encountered in preparing financial reports.

Documentation

Documentation involved collecting transaction records, sales receipts, purchase invoices, operating expenditure records, inventory information, and supporting financial documents for the May 2026 accounting period. These documents served as the primary source for preparing financial statements and investment accounting simulations.

3.4 Community Engagement Procedures

The implementation of the community engagement program consisted of six sequential stages.

Stage 1: Preliminary Assessment

The first stage involved business observation and interviews to identify financial management problems, bookkeeping practices, and participant needs.

Stage 2: Financial Transaction Analysis

Business transactions were collected, verified, and classified according to the account structure required under SAK EMKM. Transactions included cash receipts, inventory purchases, operating expenses, acquisition of fixed assets, and owner's withdrawals.

Stage 3: Preparation of Financial Statements

Based on the classified transactions, the accounting cycle was completed through the preparation of:

- General Journal
- Adjusting Journal Entries
- Ledger
- Trial Balance
- Income Statement
- Statement of Changes in Equity
- Statement of Financial Position

All financial reports were prepared following the principles of SAK EMKM.

Stage 4: Financial Literacy Mentoring

Participants received practical explanations regarding:

- business financial management,
- separation of business and personal finances,
- asset classification,
- expense recognition,
- owner's withdrawals,
- and financial reporting.

Interactive discussions and case-based examples were employed to improve participants' understanding.

Stage 5: Securities Investment Accounting Simulation

Because Archive Studio had not yet conducted actual investment activities, accounting simulations were developed using hypothetical scenarios.

The simulations demonstrated:

- acquisition of short-term securities investments,
- acquisition of long-term securities investments,
- recognition of investment income,

- redemption of investments,
- and presentation of investment transactions in financial statements.

This stage enabled participants to understand both investment concepts and their accounting treatment.

Stage 6: Evaluation

The final stage evaluated participants' understanding through discussions, observation, and practical demonstrations. The evaluation focused on improvements in bookkeeping accuracy, financial statement preparation, transaction classification, and understanding of securities investment accounting.

3.5 Data Analysis

The collected data were analyzed using **descriptive qualitative analysis**. The analysis consisted of four stages:

1. **Data Reduction**, involving verification and selection of relevant financial information.
2. **Data Classification**, where business transactions were categorized into appropriate accounting accounts according to SAK EMKM.
3. **Accounting Interpretation**, involving preparation and interpretation of financial statements and securities investment simulations.
4. **Evaluation of Learning Outcomes**, assessing participants' improvements in financial literacy, accounting skills, and understanding of investment accounting after the mentoring program.

The findings were presented descriptively by comparing participants' financial management practices before and after the implementation of the community engagement activities.

3.6 Indicators of Program Success

The effectiveness of the community engagement program was evaluated using several qualitative indicators.

Indicator	Expected Outcome
Transaction classification	Participants correctly distinguish assets, expenses, liabilities, equity, and owner's withdrawals.
Financial statement preparation	Participants understand the preparation of financial statements based on SAK EMKM.
Financial literacy	Participants demonstrate improved understanding of business financial management.
Securities investment knowledge	Participants understand short-term and long-term securities investments and their associated risks.
Investment accounting	Participants understand journal entries and financial statement presentation for investment transactions.
Decision-making	Participants recognize the importance of standardized financial information for business decision-making.

4. Results and Discussion

4.1 Initial Financial Assessment and Preparation of SAK EMKM-Based Financial Statements

The community engagement program began with a comprehensive assessment of Archive Studio's financial management practices to identify the existing bookkeeping system, transaction characteristics, and accounting challenges encountered by the business owner. The preliminary observation and semi-structured interviews revealed that although Archive Studio had experienced continuous business growth, its financial management system remained largely informal. Financial transactions were primarily recorded based on cash inflows and outflows without systematic classification into accounting accounts. Consequently, the business owner was unable to determine actual business profitability, monitor changes in business equity, or evaluate the financial position of the enterprise accurately.

The observation further indicated that business and personal expenditures were occasionally recorded together without clear separation. Several expenditures related to equipment purchases and store renovation had been treated as operating expenses instead of business assets. Likewise, owner withdrawals were not distinguished from business expenditures. Such recording practices reduced the reliability of financial information and complicated the preparation of standardized financial statements in accordance with the Indonesian Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM).

The financial transaction records collected during the mentoring program covered business activities for the accounting period ending May 2026. Archive Studio reported an initial business capital of IDR 50,000,000, consisting of cash and beginning merchandise inventory. During the accounting period, the enterprise generated total sales revenue amounting to IDR 56,347,000, while total cash expenditures reached IDR 22,327,680. Although these figures suggested positive business performance, they could not adequately describe financial conditions because inventory valuation, cost of goods sold, depreciation-related assets, and owner withdrawals had not yet been recognized appropriately.

Following data verification, all business transactions were classified according to the account structure required under SAK EMKM. Business assets included cash, merchandise inventory, store equipment, and building improvements. Revenue consisted primarily of merchandise sales, whereas operating expenses included electricity, internet, transportation, employee salaries, packaging supplies, cleaning expenses, water expenses, and miscellaneous operational costs. Owner withdrawals were separately recognized as drawings rather than operating expenses to ensure that financial statements accurately represented business performance.

Inventory valuation constituted one of the most important adjustments during the accounting process. Because detailed inventory records had not previously been maintained, beginning inventory, merchandise purchases, and ending inventory were reconstructed using available supporting information obtained from interviews and transaction documents. Beginning inventory amounted to IDR 20,000,000, merchandise purchases during the accounting period totaled IDR 25,000,000, and ending inventory was estimated at IDR 15,000,000. Based on these values, the cost of goods sold (COGS) was calculated at IDR 30,000,000 using the periodic inventory method. This adjustment substantially improved the accuracy of profit measurement because gross profit could now be calculated after considering inventory consumption during the accounting period.

After completing transaction classification and inventory adjustments, the accounting cycle was prepared systematically. General journal entries were first recorded for all business transactions before being transferred into individual ledger accounts. Adjusting journal entries were subsequently prepared to recognize inventory adjustments and other necessary accounting corrections. The adjusted ledger balances were then summarized in the trial balance, providing the basis for preparing complete financial statements.

The resulting income statement demonstrated that Archive Studio generated sales revenue of IDR 56,347,000 during May 2026. After deducting the cost of goods sold of IDR 30,000,000, the enterprise produced a gross profit of IDR 26,347,000. Operating expenses totaling IDR 4,477,500 were subsequently deducted, resulting in a net profit of IDR 21,869,500 for the accounting period. Compared with the owner's previous perception based solely on cash receipts, the standardized financial statements provided a considerably more accurate representation of business performance because all relevant operating costs had been recognized appropriately.

The statement of changes in equity further demonstrated the impact of standardized accounting. Beginning owner's equity amounted to IDR 50,000,000. After adding the net profit of IDR 21,869,500 and deducting owner withdrawals totaling IDR 319,000, ending owner's equity increased to IDR 71,550,500. This information enabled the business owner to observe how operational performance contributed directly to business capital accumulation, an aspect that had not previously been measurable using the existing bookkeeping practices.

Similarly, the statement of financial position presented a more comprehensive overview of Archive Studio's financial condition. Total assets consisted of cash, merchandise inventory, store equipment, and building improvements with a total value of IDR 71,550,500. Because the enterprise had no outstanding liabilities during the accounting period, total assets were fully financed by owner's equity. This financial position indicates that Archive Studio maintained relatively healthy financial conditions with positive business capital and sufficient liquid assets to support future operational activities.

Besides preparing standardized financial statements, the mentoring program introduced participants to investment-oriented financial management through securities investment simulations. Financial analysis indicated that after completing operational activities, Archive Studio maintained an ending cash balance of IDR 39,019,320. This relatively strong liquidity position suggested that part of the available cash could potentially be allocated to productive financial assets without disrupting normal business operations.

To illustrate this concept, a hypothetical investment scenario was developed. Archive Studio was assumed to allocate IDR 8,000,000 of surplus cash into securities investments, consisting of IDR 3,000,000 in short-term investments and IDR 5,000,000 in long-term investments. Rather than representing actual investment activities, the simulation was designed to improve participants' understanding of investment accounting and financial decision-making.

The accounting simulation demonstrated that the acquisition of securities investments reduced cash while simultaneously increasing investment assets, leaving total assets unchanged. This finding enabled participants to understand that investment transactions represent asset reclassification rather than operating expenses. Furthermore, when investment redemption was simulated, the accounting records illustrated how investment principal returned to cash while investment returns were recognized as investment income, thereby increasing both net income and owner's equity.

The short-term investment simulation generated hypothetical investment income of IDR 33,750, whereas the long-term investment produced projected investment income of IDR 500,000. Although these figures represented illustrative assumptions rather than guaranteed returns, they successfully demonstrated the accounting treatment for investment revenue recognition and highlighted the importance of distinguishing between operating income and investment income within financial statements.

Overall, the results of the mentoring activities indicate substantial improvements in Archive Studio's financial management practices. The enterprise successfully transformed previously unstructured transaction records into standardized financial statements consistent with SAK EMKM. Moreover, the participant acquired practical knowledge regarding securities investment accounting, enabling a broader understanding of strategic business fund allocation beyond traditional bookkeeping practices. These outcomes provide an important foundation for strengthening financial transparency, improving managerial decision-making, and enhancing long-term business sustainability.

4.2 Discussion

The findings of this community engagement project demonstrate that structured accounting assistance combined with financial literacy education can substantially improve the financial management capability of MSMEs. Prior to the intervention, Archive Studio maintained only basic records of cash receipts and cash payments without applying standardized accounting principles. Although such practices are common among Indonesian MSMEs, they limit entrepreneurs' ability to evaluate business performance accurately, identify financial strengths and weaknesses, and make strategic financial decisions. The transformation of informal transaction records into complete financial statements based on SAK EMKM illustrates the practical value of accounting mentoring in strengthening business governance and financial transparency.

The preparation of standardized financial statements enabled the business owner to obtain comprehensive financial information that had previously been unavailable. Instead of relying solely on cash balances, the owner was able to evaluate sales performance, cost of goods sold, operating expenses, business assets, and owner's equity simultaneously. This finding supports the argument that financial statements function not merely as administrative documents but also as strategic management tools that facilitate planning, controlling, and decision-making. Previous studies have similarly reported that standardized financial reporting improves managerial decision-making because entrepreneurs can evaluate profitability, liquidity, and financial position using objective financial information rather than intuition or subjective judgment (Ayem et al., 2024; Patty et al., 2025).

One of the most significant improvements observed during the mentoring process concerned the classification of business transactions. Before the intervention, expenditures related to business assets, operational activities, and personal withdrawals were frequently combined within a single expenditure category. Such recording practices distorted business profitability because capital expenditures and owner's drawings were incorrectly recognized as operating expenses. Through continuous mentoring, the participant developed the ability to distinguish assets from expenses and owner's withdrawals, thereby improving the reliability of financial information. Similar improvements have been reported by Wahyuni et al. (2026), who found that accounting assistance based on SAK EMKM significantly enhanced MSME owners' understanding of transaction classification and financial reporting.

Another important contribution of this program lies in reconstructing inventory information and calculating the cost of goods sold (COGS). Inventory management represents one of the most critical accounting issues for retail businesses because merchandise inventory directly influences gross profit and business valuation. Prior to the mentoring activities, Archive Studio had not maintained complete inventory records, making it impossible to calculate actual business profitability. By introducing inventory accounting concepts and reconstructing beginning inventory, purchases, and ending inventory, the service team successfully calculated COGS and generated a more realistic income statement. This finding confirms that inventory accounting should receive greater attention in MSME mentoring programs because many entrepreneurs focus exclusively on cash movements while overlooking inventory consumption and its impact on profitability.

The financial literacy component also produced meaningful improvements in participants' understanding of business finance. Financial literacy extends beyond bookkeeping and includes the ability to interpret financial information, allocate resources efficiently, evaluate financing alternatives, and anticipate financial risks. Throughout the mentoring process, Archive Studio demonstrated increased awareness regarding the importance of separating personal and business finances, maintaining accounting records, and utilizing financial reports for business planning. These outcomes are consistent with previous research indicating that financial literacy contributes positively to MSME sustainability, business resilience, and financial decision-making by improving entrepreneurs' ability to manage financial resources effectively (Irmadiani et al., 2025).

A distinctive contribution of this community engagement project is the integration of securities investment education into accounting mentoring. Most previous MSME assistance programs have concentrated on bookkeeping practices and financial statement preparation while paying relatively little attention to strategic cash management after operational needs have been fulfilled. Consequently, many entrepreneurs possess limited understanding regarding alternative financial instruments that may improve business wealth without interfering with daily operations. By introducing both short-term and long-term securities investments, this program expands the scope of financial literacy beyond traditional accounting education.

The investment simulation demonstrated that securities investments should be recognized as financial assets rather than operating expenses. This distinction is particularly important because many beginning entrepreneurs incorrectly assume that purchasing financial instruments reduces business profitability. Through accounting simulations, participants observed that investment transactions merely transform one type of asset (cash) into another type of asset (investment securities), while investment returns subsequently increase business income when realized. Such practical demonstrations significantly improved participants' conceptual understanding of accounting recognition and measurement principles.

Furthermore, the discussion of investment risk represented another essential aspect of the mentoring activities. Participants were encouraged to understand that investment decisions should not be based solely on expected returns but must also consider market risk, liquidity risk, opportunity cost, and business cash requirements. This educational approach is consistent with the financial literacy framework promoted by the Financial Services Authority of Indonesia (OJK), which emphasizes that investment decisions should be supported by adequate knowledge regarding financial products, associated risks, and long-term financial planning (OJK, 2021; OJK, 2023). Consequently, the mentoring program not only introduced investment opportunities but also encouraged responsible financial behavior among MSME owners.

Another important implication concerns business sustainability. Previous studies generally define financial sustainability as the ability of an enterprise to maintain operational continuity while generating sufficient financial resources for future growth. The findings of this study suggest that financial sustainability depends not only on increasing sales but also on improving financial management quality. Standardized accounting records enable entrepreneurs to monitor financial performance more accurately, whereas investment literacy encourages more productive utilization of surplus cash. Therefore, integrating accounting education with investment management may strengthen MSMEs' long-term financial resilience.

The present study also contributes to the literature by proposing a more comprehensive community engagement model. Existing accounting assistance programs generally terminate after financial statements have been prepared. In contrast, this project extends the mentoring process by introducing investment accounting simulations as an additional financial management competency. This integrated approach addresses two complementary dimensions of financial capability: financial reporting and strategic resource allocation. Consequently, MSMEs not only become capable of producing standardized financial statements but also develop the knowledge required to manage business assets more efficiently in the future.

Despite these positive outcomes, several limitations should be acknowledged. First, the program involved only one MSME operating within the retail clothing sector. Consequently, the findings cannot be generalized to all MSMEs because accounting practices and financial management requirements differ across industries. Second, the securities investment component was implemented through accounting simulations rather than actual investment transactions. Although simulations effectively improved conceptual understanding, future community engagement programs could evaluate the impact of real investment implementation on financial performance and business sustainability. Third, the evaluation primarily focused on qualitative improvements in financial literacy and accounting competency rather than measuring long-term behavioral changes after the completion of the mentoring activities.

Future community engagement initiatives may therefore expand this integrated model by involving multiple MSMEs from different business sectors, applying digital accounting applications, introducing capital market investment platforms, and conducting longitudinal evaluations to assess whether improved accounting practices and investment literacy lead to sustained improvements in business performance. Such developments would further strengthen the contribution of accounting education to MSME empowerment and support the achievement of sustainable economic development.

Overall, the discussion demonstrates that integrating **SAK EMKM-based financial reporting assistance with securities investment accounting education** provides a more holistic approach to MSME financial capacity building. Rather than limiting financial literacy to bookkeeping activities, the program equips entrepreneurs with broader competencies in financial reporting, investment decision-making, risk awareness, and strategic fund management. This integrated model represents the primary novelty of the present study and offers a practical framework that can be replicated in future community engagement programs involving MSMEs across different business sectors.

5. Conclusion

5.1 Conclusion

This community engagement program successfully enhanced the financial management capability of Archive Studio through an integrated mentoring approach combining SAK EMKM-based financial reporting assistance with education on short- and long-term securities investments. Prior to the intervention, the business owner relied primarily on simple cash records that did not adequately reflect the enterprise's financial condition. Through systematic mentoring, business transactions were properly classified into accounting accounts, enabling the preparation of complete financial statements consisting of the general journal, adjusting journal entries, ledger, trial balance, income statement, statement of changes in equity, and statement of financial position in accordance with SAK EMKM. The mentoring activities also strengthened participants' understanding of accounting concepts by improving their ability to distinguish business assets, operating expenses, and owner's withdrawals. These improvements increased the transparency and reliability of financial information while providing a stronger basis for business planning and decision-making. Furthermore, introducing securities investment accounting expanded the participant's financial literacy beyond conventional bookkeeping practices by demonstrating how surplus business funds could be allocated into productive financial assets without compromising business liquidity.

The accounting simulations further illustrated that securities investments should be recognized as financial assets rather than operating expenses. Participants also gained practical understanding regarding investment acquisition, investment redemption, income recognition, and the presentation of investment transactions in financial statements. Consequently, the program not only improved bookkeeping competence but also promoted a broader perspective on strategic financial management and long-term business sustainability. The primary novelty of this community engagement project lies in integrating financial reporting based on SAK EMKM with securities investment accounting simulations. Unlike previous mentoring programs that focused exclusively on bookkeeping, this integrated approach equips MSME owners with both accounting competencies and investment literacy, thereby supporting more informed financial decision-making and sustainable business growth.

5.2 Practical Implications

The findings of this study provide several practical implications for MSME development programs. First, accounting mentoring should not be limited to preparing financial statements but should also strengthen entrepreneurs' understanding of financial analysis and strategic financial management. Second, financial literacy programs should introduce business owners to alternative financial instruments that enable productive utilization of surplus business funds while maintaining sufficient operational liquidity. Third, universities, government agencies, and financial institutions may adopt this integrated mentoring model as a practical framework for improving MSME financial capability and supporting sustainable economic development. Furthermore, the results suggest that combining accounting education with investment literacy can enhance entrepreneurs' confidence in managing financial resources more effectively. Such integration may improve access to external financing, strengthen business resilience, and encourage more rational financial decision-making among MSMEs.

5.3 Limitations of the Study

Despite its contributions, this community engagement project has several limitations. First, the program involved only one MSME operating in the retail clothing sector; therefore, the findings cannot be generalized to all MSMEs with different operational characteristics. Second, the securities investment component was implemented through accounting simulations rather than actual investment transactions. Consequently, the financial outcomes presented in this study represent educational illustrations rather than realized investment performance. In addition, the evaluation focused primarily on improvements in accounting knowledge and financial literacy immediately after the mentoring activities. The study did not assess long-term behavioral changes or measure the sustainability of accounting practices after the completion of the program.

5.4 Recommendations for Future Community Engagement

Future community engagement programs should involve a larger number of MSMEs representing various industrial sectors to improve the generalizability of findings. Subsequent programs may also integrate digital accounting applications, cloud-based bookkeeping systems, and financial technology platforms to support more efficient financial management. Future initiatives are also encouraged to incorporate actual investment implementation using regulated financial products under the supervision of the Indonesian Financial Services Authority (OJK). Longitudinal evaluations may further examine whether improvements in accounting literacy and investment knowledge contribute to long-term business performance, financial resilience, and sustainable enterprise growth.
Finally, collaboration among universities, government agencies, professional accounting organizations, and financial institutions should be strengthened to develop continuous mentoring programs that integrate accounting education, digital financial literacy, investment management, and business development for MSMEs. Such collaborative efforts are expected to produce financially resilient entrepreneurs capable of supporting inclusive and sustainable economic development.

5. References

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