

## IMPLEMENTATION OF CASH BOOK RECORDING IN “MEDAN FLOSSROLL” MSMEs

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**Abstract:** Financial Recording is very important as a business actor who must be careful in carrying out activities related to cash expenditures and income, meaning that every expenditure and income made must be calculated for the benefits and profits that will be obtained. This study aims to determine and evaluate the implementation of cash book recording in Micro, Small, and Medium Enterprises (MSMEs) and its challenges to financial management (Case Study on MSMEs Medan Flossroll). This research approach uses a qualitative approach with data collection techniques of interviews, observations, and documentation. Respondents in this study were the Owners of Medan Flossroll. The results of the study indicate that the implementation of cash book recording at Medan Flossroll has been carried out well, this is indicated by the existence of cash book reports for each period (every month). The challenges faced by the owners of Medan Flossroll in recording this cash book are for the development of cash book recording for the next period.

**Keywords:** Cash book, financial records, MSMEs.

### Introduction

MSMEs are a safety net, especially for low-income people to carry out productive economic activities, in addition to that, small, micro and medium enterprises (MSMEs) are a type of business that is developing rapidly and dynamically, requiring business actors, especially Micro, Small and Medium Enterprises (MSMEs). (MSMEs) must move quickly to keep up with the times (Wijaya et al., 2023) . The existence of MSMEs has a strategic role in creating jobs, improving the local economy, and reducing poverty. However, behind its significant contribution, there are many challenges faced by MSMEs, especially in terms of financial management. Small and medium enterprises (MSMEs) are formed as economic groups that aim to carry out various economic tasks and activities with the hope that the results will benefit all parties interested in the MSMEs.

Currently, many businesses are established by carrying out various activities to generate profits for SMEs, and accounting knowledge is very important for handling this data processing. Reports made by the management itself show the results of SME activities (Suherman et al., 2020) . The success of SMEs in running their businesses does not depend on their ability to manage funds. Fund management is the main challenge faced by SMEs. One of the problems that is often overlooked by SME business actors is financial management (Sambodo et al., 2023) .

Therefore, it is expected that by starting to make financial bookkeeping records, interested parties will obtain useful information (Betty Magdalena & AK Yohanson, 2022) .

Medan Flossroll is a shredded beef roll business founded on June 6, 2024, which has been running for more than 7 months. Flossroll shredded beef has several advantages, namely using original and high-quality shredded chicken and beef. Shredded beef rolls are popular with all ages, from children to adults, so they have a wide target market. Shredded beef rolls are suitable as breakfast, snacks or souvenirs, making them popular with consumers with a modern lifestyle. Medan Flossroll has many innovations, such as adding original chicken, spicy chicken, and original beef flavors or enriching the filling by making relatively simple shredded beef rolls, with

raw materials such as flour, shredded beef, and other bread ingredients that are easy to find. Medan Flossroll has a production site located at Jalan Tuamang No.140B and has a sales location at Jalan Alfalah Raya No.35 Medan. Medan Flossroll's bookkeeping staff is carried out by the business owner directly to record incoming and outgoing cash books at the end of each period (every month)

Recording the expenses and income obtained for each transaction when running a business is one of the important points that must always be considered by every business actor, many business actors still consider recording expenses and income not important so that most business actors tend not to know their income and expenses per day or per month.

Good financial records are the key to success. Many MSMEs only record income and expenses without following applicable accounting standards. This causes financial reports to be unsystematic and difficult to account for (Januariyansah et al., 2021) . MSMEs actors can see their financial condition more clearly, including cash flow, profit and loss, and accounts receivable, by using a more structured recording system such as a cash book. Good financial records for MSMEs include various elements, one of which is cash book recording. A cash book is an important tool in recording daily financial transactions, which records all receipts and expenditures of money in a business. The implementation of well-organized cash book recording will provide a number of benefits, including:

1. Cash Flow Monitoring: Cash books allow MSMEs to monitor business cash flow directly. This is very important to ensure smooth operations, such as debt payments, purchasing raw materials, or other expenses that support business continuity.
2. Accurate Decision Making: With well-recorded data, MSMEs owners can make more accurate decisions regarding fund allocation, business development strategies, and determining financial priorities that must be prioritized.
3. Increase Transparency and Accountability: Neat record keeping can increase transparency in financial management, both for internal and external purposes. In some cases, MSMEs need to show clear financial reports when applying for loans or seeking investors.
4. Facilitating the Preparation of Financial Reports: With structured recording, MSMEs can more easily prepare financial reports, such as profit and loss reports. and balance sheet. This is very useful for knowing the financial position of the business in a certain period.

In addition, MSMEs often face difficulties in implementing more formal and technology-based bookkeeping systems, such as financial recording applications or accounting software. In fact, using technology in cash book recording can speed up the process, minimize errors, and increase the efficiency of financial management.

Given this situation, it is very important to provide training and understanding to small and medium enterprises (SMEs) on how to record cash books in a simple but effective way. They can manage their business finances better in this way, which in turn will increase their competitiveness and the sustainability of their business. As a result, this study aims to learn more about the use of cash book recording among small and medium enterprises (SMEs), as well as the factors that influence the success of its implementation to improve financial management and improve business performance (Netta Aprillia Andaresta Putri et al., 2023) .

## Literature Review

### 1. Accountancy

Basically, accounting provides an information system to parties involved in the economic and operational activities of the company to help them make reports Collecting, identifying, classifying, and recording transactions that occur in financial business is the accounting process (Sumarsan, 2017). The purpose of accounting is to provide financial report information to stakeholders. During business operations, financial management can be used as a control in the presentation of financial statements.

2. Financial statements

Financial reporting is the final process of recorded financial transactions for use by management and examination by parties who have an interest in a company's financial data, such as managers, owners, creditors, investors, distributors, employees, government agencies, and the general public. Financial reports also include information about the company's financial condition and how these transactions relate to decision making (Krisdiyawati & Maulidah, 2023).

3. Cash book

The main cash book is a combination of income and expense records. This combination is intended to find out more details about the profits or losses of the business. In addition, with this cash book, it can be used as a strategic business plan for the future (Accounting, 2022). Most MSMEs still ignore the preparation of systematic financial reports, even though there is a simple report format that can be used. One basic example that can be used to facilitate the preparation of monthly reports is a book of expenditure and income records.

4. Cash

According to Rudianto (2018), cash functions as a means of payment for companies and becomes an investment that allows companies to operate whenever needed. Unlike other assets, cash is one of the most easily liquidated assets.

5. Cash Flow Statement.

Cash flow statement shows cash flow of income and expenses (Indonesian Institute of Accountants, 2009). It provides reporting information about the company's performance in gaining profit and predicting future liquidity conditions.

## Method

The data collection technique uses the results of direct interviews with Medan Flossroll MSMES actors who implement cash book recording in the MSMEs. This information is used as the basis for data and information in this study. In-depth interviews were conducted by asking several questions to MSMES actors. Secondary data in this study consists of research results, such as research articles, publications, and documents related to the research objectives. The main objective is to ensure that all cash transactions are recorded neatly, thus facilitating financial supervision and control. Related to the business so that we can obtain information about the problems faced by business actors.

Conducting observations and interviews with Medan Frossroll MSMES owners to gather information about cash collection which is still done manually, to find out what transactions occur and how the cash collection process is carried out to identify them. Participate directly in observing daily activities such as purchasing transactions, sales, and operational activities. Interviews are conducted to obtain data and understand the problems faced by the actors (Terenggana et al., 2022).

## Results and Discussion

The first stage carried out in this study was to conduct a field survey to the location, precisely to MSMES actors located on Jln. Alfalah NO.37, Glugur Darat I, Kec, Medan Timur, Medan City. This survey aims to obtain a direct picture of the business conditions in the area and to understand more deeply about the cash book recording management patterns applied by business actors.

After the survey, the next step taken by MSMEs actors was to explain the intent and purpose in detail to the researcher. The researcher conveyed the importance of better and more efficient financial records in order to support the growth of their business. Direct interviews were conducted with MSMES owners to obtain information about the cash book recording methods

they currently use. In addition, direct observation of the daily transaction recording process was also conducted to gain a more accurate understanding of the challenges faced.

The second stage is based on interviews and observations that have been conducted that MSMES actors have not implemented cash book recording properly. Many recording errors are made by MSMES actors when recording cash books, for this reason it is necessary to conduct an evaluation in recording cash books. The author can obtain results regarding the implementation of cash book recording at Medan FlossRoll. MSMES actors record cash books by recording incoming and outgoing cash transactions, controlling and monitoring cash flow, assisting in financial decision making, avoiding errors and fraud, assisting in the preparation of financial reports.

stage is that MSMES actors implement cash book recording by creating a cash book or using an accounting application (FlossRoll), recording daily cash transactions, classifying (cash in, cash out), checking and verifying transactions, conducting periodic cash reconciliations, and finally saving supporting documents (receipts, invoices).

Some problems that are often found by MSMEs in recording cash books such as errors in recording calculations, late recording, lack of supervision, limited human resources, changes in regulations or policies, risk of loss or damage to documents, and integration with other systems. To avoid recording errors, MSMEs evaluate improvements in every financial recording activity, namely by conducting human resource training, implementing an automated accounting system, carrying out strict supervision and control, conducting periodic checks and audits, and creating standard operating procedures (Dan et al., 2024) .

One of the biggest challenges in cash flow management in the food business is managing raw material inventory efficiently. Efficient expense management is also part of the cash flow management strategy implemented by the Medan FlossRoll small business owner. In this case, non-urgent or unnecessary expenses are significantly reduced. For example, expenses for non-essential equipment and raw materials will be postponed unless absolutely necessary to support operations. In addition, this small business periodically reviews their expenses to identify areas where they can cut or save money, such as transportation costs and other operational costs. Strict expense control allows the FlossRoll MSMES owner to ensure that cash flow remains stable and is not affected by uncontrolled expenses (Widiyastuti, 2024) .

So that MSMES owners can find out what transactions occur every day, both income and expenses. Previously, the owner of the Medan FlossRoll MSMES knew that he already had financial bookkeeping but it was still not neatly arranged, therefore the researcher took the initiative to provide advice on how to make basic accounting bookkeeping that is correct and neat so that when recording there are no transactions left behind, because if there is one transaction that is left behind or not recorded in the bookkeeping, it can have fatal consequences for income at the end of the bookkeeping.

Current developments and global influences require MSMEs to continue to innovate in developing their business networks. This is done to eliminate the causes of difficulties for small and medium enterprises in developing product businesses and improving human resources and technology. Not only innovation in developing company networks, financial recording systems also affect the sustainability and success of the company (Sitinjak et al., 2023) .

In terms of recording transactions related to their business, they only record transactions simply, haphazardly, and carelessly, which has an impact on their cash flow, capital, and business profit and loss. Traders usually do not record and only count how much money they sell to find out how much money they earn (Saputri et al., 2020) .

It is recommended for MSMES actors to carry out accounting records in accordance with generally accepted financial accounting standards. The records made should be recorded routinely to provide accurate information for business development. To increase knowledge regarding financial recording, training or socialization is needed from related parties to develop businesses

for MSMEs and supervision is needed to control the financial recording carried out so that the implementation of financial recording can be implemented properly (Wijaya et al., 2021) .

### Conclusion

Based on this research activity, it can be concluded that the owner of the MSMEs "Medan FlossRoll" has not done financial records properly, there are still frequent errors in recording transactions. The importance of good and structured financial records in Micro, Small, and Medium Enterprises (MSMEs) to support business continuity and development. Although MSMEs make a significant contribution to the Indonesian economy, many business actors still face challenges in financial management, especially in less systematic cash book recording. Neat and organized financial records, such as the use of cash books, can help monitor cash flow, make the right decisions, and increase transparency. In addition, the application of accounting technology and training for MSMEs actors can reduce recording errors and increase efficiency in financial management. Conducting observations and interviews with Medan FlossRoll MSMEs owners to find out and identify transactions that occur and how the cash recording process is by digging up information about cash recording that is still done manually. MSMEs actors must be directly involved in observing daily cash bookkeeping activities such as purchase transactions, sales, and operational activities and others.

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