

## Calculation of Cost of Goods Sold and Preparation of Income Statement at MSME Dapur Mamak

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### ABSTRACT

**Backgrounds:** The rapid expansion of SME-scale restaurants, driven by social media culinary reviews, highlights the growing need for effective financial management in small business operations. Despite their increasing presence, many SME owners lack awareness of proper accounting practices and their impact on business sustainability. Dapur Mamak, an SME-scale restaurant established in 2023 and operating in the canteen of Tarumanagara University 2, West Jakarta, illustrates this condition. The business currently determines selling prices based on rough estimates and does not maintain formal bookkeeping.

**Objectives:** This community service initiative was conducted to assist in designing a feasible food court model from marketing and management perspectives, strengthen MSME capacity in branding, promotion, and operational management, and build collaborative community involvement to support the establishment of a sustainable culinary centre.

**Methodology:** The implementation methods included initial observation, MSME needs mapping, focus group discussions, marketing strategy mentoring, tenant management training, and the development of a comprehensive food court blueprint.

**Findings:** The results indicate that the food court initiative provides an effective strategic solution for MSMEs by offering a representative business location, increasing collective brand visibility, and enabling marketing synergy among tenants.

**Conclusions:** The community-based food court demonstrates strong potential as a sustainable MSME marketing hub. To ensure long-term sustainability, the programme should be further developed through partnership schemes, community-based branding, and collaborative village business models.

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## 1. INTRODUCTION

According to Tambunan (2009) in his book *Micro, Small and Medium Enterprises in Indonesia*, MSMEs have a vital role in the national economic structure as they are able to increase community income, create employment, and encourage regional economic growth. In the economic context, MSMEs are considered the driving force of the people's economy capable of surviving various crisis conditions due to their flexibility and direct involvement with local markets (Kusumasari & Retnandari, 2021; Widiastini et al., 2023). From an accounting perspective, Harahap (2011) explains that accounting in MSMEs is very important to produce relevant and reliable financial information for economic decision-making, both by business owners, investors, and other external parties. This aligns with the user theory of financial statements, which states that MSME financial statements must be usable to assess performance, financial condition, and potential cash flows of the entity (Kieso et al., 2021). Therefore, strengthening the recording and

financial reporting system becomes a crucial element in improving the accountability and sustainability of MSMEs in the long term (Auliyah & Agit, 2024)

According to Hansen and Mowen (2000), cost accounting is the process of recording, classifying, and reporting production costs used to assist management in planning, control, and decision-making. The main function of cost accounting is to determine the cost of goods manufactured, evaluate operational efficiency, and provide relevant data in the business decision-making process (Weygandt et al., 2020). In the context of financial statements, according to Kieso et al. (2021), financial statements are the final result of the accounting process that presents information about the financial position, performance, and changes in equity of a company during a certain period. These reports aim to provide useful information for investors, creditors, and other parties for rational economic decision-making (Armstrong et al., 2010). One of its main components is the income statement, which according to Shubina et al. (2022), functions to show the company's revenues and expenses in a certain period to determine net profit or loss. The purpose of the income statement is to assess the company's financial performance, while its benefits include evaluating profitability, operational efficiency, and the basis for future financial planning (Olayinka, 2022). As for the cost of goods sold (COGS) statement, as explained by Mulyadi (2014), it is a report that describes the total costs incurred to produce goods sold during a certain period. The COGS statement is important for determining gross profit, evaluating production cost efficiency, and setting competitive selling prices (Bostwick et al., 2016). All this information becomes an important foundation in financial management, especially for MSMEs that want to improve transparency, accountability, and business competitiveness sustainably.

Previous study highlighting the persistent challenges faced by Micro, Small, and Medium Enterprises in financial reporting, a study by Muzayyanah et al. (2023) found that many MSME actors still lack adequate knowledge and understanding of proper bookkeeping and financial statement preparation. This deficit often leads to difficulties in assessing financial performance, securing funding, and making informed business decisions (Perdana et al., 2024; Rahmadani & Nugroho, 2023). The absence of comprehensive financial records often results in a limited ability to accurately determine the cost of goods sold, which is crucial for establishing appropriate selling prices and maximizing profitability (Libraeni et al., 2022). Furthermore, without proper financial statements, MSMEs struggle to identify their net worth, track profits and losses over time, and manage cash flow effectively (Rohayati et al., 2023). Based on the previous study, this research inspired to also provide practical guidance on calculating the cost of goods sold and preparing income statements specifically tailored for MSMEs.

Dapur Mamak is an MSME in the culinary field at the Tarumanagara University 2 canteen. Currently, Dapur Mamak is operated by an individual, Mrs. Nurhayati, and has not kept any records, either manually or otherwise. Upon investigation, Mrs. Nurhayati also does not monitor her expenses for the business and determines selling prices based only on estimates. At present, Dapur Mamak does not use accounting records at all, so Dapur Mamak has not yet conducted adequate profit and loss calculations to view the business condition. Dapur Mamak urgently needs an income statement related to its expenses and revenues. In addition, Dapur Mamak also needs calculations related to cost of goods sold to determine the appropriate price for the products sold. To provide a clearer understanding of the products offered, the following figure 1 present the menu items and partner products from Dapur Mamak.



Figure 1. Dapur Mamak Partner Products

Therefore, this study aims to develop and implement a simple cost accounting and financial reporting framework for Dapur Mamak. The specific objectives are to: (1) calculate an accurate Cost of Goods Sold for its main products, (2) prepare a comprehensive Income Statement for a defined period, and (3) based on the findings, provide recommendations for sustainable financial management practices.

## 2. METHOD

### 2.1. Scope

This research focuses on financial management for micro-business operators in the culinary sector run independently without employees. This activity aims to help business owners compile systematic income statements to improve financial transparency and efficiency. The research scope covers three main aspects:

- 1) Revenue Classification: Identifying and recording all income from culinary product sales as the main source of business revenue.
- 2) Cost Classification: Grouping various types of business expenses, including raw material costs, operational costs such as electricity and rent, and other non-operational costs that impact business profitability.
- 3) Determination of Cost of Goods Sold: Calculating costs appropriate for production activity expenses, including depreciation expenses that are often overlooked. Cost of goods sold can become a benchmark for determining selling prices to achieve the idealized profit value.
- 4) Preparation of Income Statement: Calculating the difference between revenues and costs to determine profit or loss obtained, and providing recommendations for more effective financial management strategies.

The entire process is conducted through observation, interviews, and financial data analysis, taking into account the time and operational conditions of the partner to avoid disrupting daily business activities. It is hoped that the results of this research can make a real contribution to raising awareness of the importance of accurate financial recording as a basis for business decision-making.

### 2.2. Time and Location of PKM

The income statement training activities conducted by the PKM Team were carried out on:

- 1) Date : March 6, 2025
- 2) Time : 11:00 - 11:45
- 3) Place : Tarumanagara University II Canteen
- 4) Speakers:
  - a. Rini Tri Hastuti S.E., Ak., M.Si
  - b. Tanya Edwina Abigail (125230032)
  - c. Gracia Agatha Widjaja (125230038)
  - d. Julianty Threevani (125230054)
- 5) Events:
  - a. Field Interview Implementation
  - b. Environmental Observation
  - c. Documentation Session (Group Photos)

### 2.3. Training Conducted

The PKM Team conducted field visits to the partner to carry out a series of activities that include the following:

- 1) Conducting observation of the business environment and seeking initial information about operations and financial management
- 2) Conducting structured interviews with the business owner to collect more in-depth data related to financial activities
- 3) Preparing income statements and cost of goods sold statements based on data obtained during the visit

## 2.4. PKM Activity Stages

### 1) Identification Stage

At this stage, the PKM Implementation Team conducts a mapping and selection process of several prospective partners to determine the most relevant party with potential matching the research focus. After the selected partner expresses commitment to cooperate, the team schedules field visits as the initial step in implementing research activities.

### 2) Preparation Stage

This stage includes comprehensive research plan design, preparation of cooperation documents in the form of agreement letters, and preparation of data collection instruments such as interview guidelines. In addition, schedule coordination with the partner is conducted to ensure readiness and smooth implementation of the visit.

### 3) Implementation Stage

At the implementation stage, the PKM Team makes direct visits to the partner's location according to the agreed schedule. The core activities consist of business environment observation and structured interviews with the business owner to obtain data related to revenues and operational expenses. Based on the collected data, the team prepares income statements and cost of goods sold statements. All activities are documented as part of the final research report materials.

## 3. RESULTS AND DISCUSSION

### 3.1. Research Results

#### 3.1.1. PKM Activity Results

PKM activities conducted by the PKM Team were carried out face-to-face on Thursday, March 6, 2025 from 11:00 - 11:45 at the Dapur Mamak MSME location. This PKM activity was conducted sequentially according to the agenda prepared by the PKM Team. The agenda can be seen in the Table 1.

**Table 1. PKM Activity Agenda on March 6, 2025**

Time	Activity
11:00 - 11:05	Opening
11:05 - 11:30	Training implementation, consisting of: Material provision including brief explanation and recording structure regarding income statements on a restaurant scale. Discussion about revenues and expenses (emphasizing depreciation) occurring in Dapur Mamak business in one month
11:30 - 11:45	Closing and Group Photos

The agenda prepared by the PKM Team was realized well according to the determined time. The owner of Dapur Mamak MSME partner followed the training by showing cooperative attitude that can be seen from their participation in PKM activities in the form of willingness to receive materials and questions given by the PKM Team. With this training activity, the owner of Dapur Mamak MSME partner became more understanding of the recording structure and calculation of income statements systematically and in detail. Below in table 2, we present data regarding the Income Statement and Cost of Goods Sold Statement of Dapur Mamak MSME.

**Table 2. Fixed Asset Depreciation**

	Acquisition Cost	Economic Life	Depreciation per Year	Depreciation per Month
Refrigerator	Rp 3,000,000	4 years	Rp 750,000	Rp 62,500
Cooking Equipment	Rp 5,500,000	4 years	Rp 1,375,000	Rp 114,583

**Dapur Mamak  
Cost of Goods Sold Statement  
For the month ended March 31, 2025**

Direct Material		
Rice		Rp 1,125,000
Chicken		Rp 4,800,000
Oil		Rp 75,000
Liwet Seasoning		Rp 240,000
Direct material used		Rp 6,240,000
Manufacturing Overhead		
Indirect material		
Tofu	Rp 562,500	
Tempe	Rp 450,000	
Cucumber	Rp 120,000	
Cabbage	Rp 500,000	
Red Chili	Rp 550,000	
Soy Sauce	Rp 51,000	
Fried Shallots	<u>Rp 40,000</u>	
Indirect material used	Rp 2,273,500	
Utilities Expense	Rp 1,000,000	
Maintenance Expense	Rp 100,000	
Depreciation Expense - Cooking Equipment	<u>Rp 114,583</u>	
Total manufacturing overhead		<u>Rp 3,488,083</u>
Cost of Goods Sold		Rp 9,728,083

**Table 3. Estimated Sales Revenue**

Revenue Source	Quantity, units	Price per Portion	Total
Nasi Liwet Ayam	300 portions	Rp 20,000	Rp 6,000,000
Nasi Liwet Komplit	300 portions	Rp 23,000	Rp 6,900,000
Mineral Water	50 bottles	Rp 5,000	Rp 250,000
Pocari	30 portions	Rp 8,000	Rp 240,000
Total Revenue			Rp 13,390,000

**Dapur Mamak  
Income Statement**

For the month ended March 31, 2025		
Sales		Rp 13,390,000
Cost of Goods Sold		<u>Rp 9,728,083</u>
Gross Profit		Rp 3,661,917
Operating Expenses		
Rent Expense	Rp 2,250,000	
Depreciation Expense - Refrigerator	<u>Rp 62,500</u>	
Total operating expenses		<u>Rp (2,312,500)</u>
Income from Operations		Rp 1,349,417

**3.1.2. PKM Activity Implementation Target**

This PKM activity has the target that the owner of Dapur Mamak MSME partner can determine whether the business being run experiences profit or loss by calculating every income received and expenses incurred in one period. We hope that with this PKM activity, Dapur Mamak MSME can understand how to prepare income statements so that they can determine whether their sales experience profit or loss and determine more appropriate prices by creating and understanding cost of goods sold statements.

### 3.1.3. Outputs Achieved

The outputs achieved for the partner from this PKM activity can be seen from the owner of Dapur Mamak MSME partner who can compile income statements correctly in a systematic and detailed manner so that they can determine profit or loss occurring in sales accurately. Also, the owner of Dapur Mamak MSME partner can compile detailed cost of goods sold statements, so they can determine appropriate prices for products sold. Other outputs achieved for Tarumanagara University include the completion of a Community Service (PKM) article ready to be published in a National Journal. The income statement that can be compiled by the partner consists of all revenues received minus all expenses incurred during one month, which is subsequently reduced by income tax. To provide an overview of the implementation of this PKM activity, the following figures present the documentation of the activities conducted.



Figure 2. Documentation of the activity

### 3.2. Discussion

The PKM activity conducted at Dapur Mamak demonstrates the critical role of financial literacy training in empowering MSME actors, particularly in the context of small-scale restaurant operations. The hands-on training on income statement preparation and cost of goods sold calculations enabled the owner to systematically track revenues, expenses, and profits, reflecting the principles of participatory development where active engagement of beneficiaries leads to capacity building (Fery, 2022). The cooperative attitude and active participation of the owner during the PKM session further exemplify the effectiveness of experiential learning approaches in small business contexts, aligning with findings by Rahmawan and Nurhayati (2025).

The income and cost data collected during the activity illustrate how SMEs can use accounting information to make informed decisions regarding pricing, cost control, and profitability assessment. This aligns with prior studies emphasizing that financial management interventions improve operational efficiency and decision-making in micro and small enterprises (Lakatos, 2020). By compiling detailed cost of goods sold statements, the owner of Dapur Mamak can now determine appropriate pricing strategies that reflect actual expenses, supporting sustainable business growth.

Further, the PKM initiative highlights the importance of integrating community service with applied academic knowledge, providing empirical evidence that structured interventions can enhance MSME capabilities. The outputs achieved, including the ability to systematically prepare income statements and COGS reports, demonstrate the tangible benefits of participatory, hands-on financial training in fostering entrepreneurial competence. These findings contribute to the broader discourse on MSME development, supporting participatory and capacity-building approaches as effective strategies for improving business performance in micro-scale enterprises.

#### 4. CONCLUSION

Based on the results of observation and interviews with the culinary MSME operator Dapur Mamak, it was found that financial recording is still done informally and does not yet meet applicable accounting principles. This activity has produced the preparation of income statements and cost of goods sold statements compiled systematically and based on actual data during one month of operations.

The conclusion of this activity shows that the business owner obtains a clearer picture of the revenue and cost structure, as well as the actual profit/loss position. Thus, the study objective to provide basic understanding in preparing financial statements for MSME operators can be said to have been achieved. Utilization of accurate financial statements is expected to support more directed and sustainable business decision-making.

To support the sustainability of financial management in MSMEs like Dapur Mamak, it is recommended that business owners begin implementing periodic financial recording with simple but consistent methods. In addition, improving basic accounting literacy is very necessary so that business operators are able to prepare financial statements independently. Financial statements that have been compiled should be utilized optimally as a basis for evaluation and more directed business decision-making. In the future, similar approaches can be applied to other MSMEs with similar characteristics as an initial step toward more accountable and sustainable financial management.

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#### Conflict of Interest Statement

The authors declare that there is no conflict of interest regarding the publication of this paper.

#### Author Contributions

R.T.H.: Conceptualization, supervision of the community service activities, validation of financial analysis, and review and editing of the manuscript. (Lecturer)

T.E.A.: Data collection, cost of goods sold calculation, preparation of income statements, and drafting of the initial manuscript.

G.A.W.: Method development, bookkeeping system design, data analysis, and contribution to manuscript writing.

J.T.: Field observation, documentation, data organization, and assistance in implementation and manuscript revision.

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No funding was received for this activity.

## Informed Consent

Informed consent was obtained from all participants.

## Ethical Approval

This study involved human participation in the form of an informant, namely the owner of MSME Dapur Mamak. Ethical approval from an institutional review board was not required in accordance with applicable regulations for community service activities. Prior to data collection, informed consent was obtained from the informant. All information was collected voluntarily and used solely for academic and community service purposes, with confidentiality and ethical standards strictly maintained.

## Data Availability

The data that support the findings of this study are available from the corresponding author [R.T.H] upon reasonable request.

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