

Briefing on the Accounting Cycle as a Basis for Preparing Financial Statements for Providentia High School Students

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Abstract

Provision for early accounting learning will be an important foundation in forming financial literacy skills for students. This paper aims to provide an understanding of the accounting cycle from beginning to end as a basis for preparing financial reports for SMA Providentia. This community service (PKM) activity is carried out using three methods, namely: (1) Explanation of the theory given in the form of a Module, (2) Using an approach based on Practice Questions and Group Discussions, and (3) Using a Games approach in groups as a form of feedback. This PKM activity was carried out on April 24, 2025, at 10.00 a.m onsite. The training was attended by 19 grade 12 students. The training was divided into 3 sessions. In general, the results of this PKM activity were quite successful in providing basic knowledge regarding the accounting cycle. This can be seen from the discussion of questions and quizzes given to participants who did not previously understand the accounting cycle. From the results of interviews conducted by the team with participants, they stated that they were satisfied with the delivery of the material provided.

Keywords: Accounting Cycle, Financial Statement, High School Students, Training.

1. Introduction

Education has a very important role because education is a long-term investment for a country in developing the ability and improving the quality of life of the Indonesian people (Sariningsih et al., 2022). According to the results of interviews with school teachers, it turns out that accounting material at Providentia High School is only taught when students are in 11th grade. However, the material introduced only covers basic accounting and even then, it is interspersed with economic lessons. The absence of social or science majors is also one of the triggering factors where the accounting material given until students graduate, is only an introduction or not in-depth. Therefore, this community service (PKM) activity was held with the aim of introducing the main concepts of basic accounting and the accounting cycle as a whole and simple to the trainees with easy and interesting delivery, accompanied by concrete examples in the business world, so that participants can receive a complete picture of accounting practices in everyday life.

Accounting is a financial information system that provides financial information on what happens within a company (Yessie & Indriawati, 2024). Accounting consists of 3 main activities, namely: (1) Identification → identifying economic events (transactions), (2) Recording → recording, classifying and summarising, and (3) Communication → compiling accounting reports and analysing and interpreting to users (Yuniarwati et al., 2021). To meet high reporting standards, accountants prepare financial statements in accordance with



applicable accounting standards issued by authorised bodies (Wiyani, 2012). In Indonesia, Financial Accounting Standards (SAK) are issued by the Indonesian Institute of Accountants (IAI). Establishing an effective accounting process is essential to guarantee the accuracy, dependability, and compliance with relevant accounting principles of the financial reports to be formulated (Weygandt et al., 2018). The importance of establishing an accounting cycle cannot be overstated for companies, as it provides crucial information on the flow of assets, liabilities, and equity within the organization and aids in the decision-making process (Vokshi & Krasniqi, 2017).

The accounting cycle is the most basic and is a very important step for a company. According to Singer (2009), the accounting process involves: (1) Examining business deals, (2) Documenting deals in a journal, (3) Entering information into a ledger, (4) Creating a Trial Balance, (5) Recording and entering adjusting entries, (6) Forming an Adjusted Trial Balance, (7) Compiling Financial Statements, (8) Documenting and entering closing entries, (9) Creating a Post Closing Trial Balance.

The first step of the accounting cycle is Business Transaction Analysis. Business Transaction Analysis is carried out by analysing whether the document is included in the transaction or not / transaction documents consist of notes, invoices, cheques, coren accounts, proof of deposit, and others. If the document is one of the types, it will be recorded in the journal.

Following that, the next step involves documenting the journal entries in the journal ledger. It is common practice for businesses to log transactions in the order they occur. The journal serves as the primary record-keeping book. Each transaction is detailed in the journal to display the impact of debits and credits on specific accounts (Kieso et al., 2016). An example of a journal is as follows:

Table 1. General Journal Example

General Journal		Ref.	Debit	J1 Credit
Date	Account Titles and Explanation			
2025 Dec 1	Cash		500,000	500,000
	Share Capital Ordinary (Issued share for cash)			
	Supplies		10,000	
	Cash			
	(Purchased equipment for cash)			10,000

The third step in the accounting cycle involves transferring information from the analysed documents into a journal, and then posting this information to the Ledger. The Ledger displays the balances of accounts and records any alterations made to each balance (Li et al., 2023). Each account is numbered for easy identification. This cycle is useful for summarising all transactions that occur during an accounting period. The ledger contains the changes/flow of movement of the company's account balances, assets, liabilities, capital, and expenses. Management can make estimates for the next period by looking at the movement of ledger balances. Examples of Ledgers are:

Table 2. General Ledger Example

General Ledger					No. 101
Cash					
Date	Account Titles and Explanation	Ref.	Debit	Credit	Balance
2017		J1	100,000,000		100,000,000
Dec 1					

In the accounting process, the fourth stage involves generating a Trial Balance, which compiles a roster of accounts and their respective amounts at a specific point in time (Simanjuntak et al., 2022). In general, businesses typically compile a trial balance at the conclusion of a given time frame. The ledger arranges the accounts sequentially. Left column holds debit balances while right column holds credit balances. The balance sheet serves to verify that the total debits equal the total credits once all transactions have been recorded (Yuniarwati et al., 2017). Example of a Balance Sheet:

Table 3. Balance Sheet Example

PT ABC		
Januari 31, 2025		
	Debit	Credit
Cash	2.000.000	
Supplies	250.000	
Prepaid Insurance	500.000	
Equipment	1.500.000	
Notes Payable		1.500.000
Accounts Payable		800.000
Unearned Service Revenue		300.000
Share Capital Ordinary		5.000.000
Dividends	2.250.000	
Service Revenue		4.150.000
Salaries and Wages Expense	5.000.000	
Rent Expense	250.000	
	11.750.000	11.750.000

In the fifth step, an adjustment journal must be prepared and recorded in the ledger. These journals are essential for ensuring that the principles of recognising revenue and expenses are being adhered to. Furthermore, an adjustment journal is necessary due to the Trial Balance potentially containing outdated or incomplete information (Yuniarwati et al., 2017).

In the sixth step, known as creating the Adjusted Trial Balance, the company must first journalize and post all adjusting entries before moving on. The Adjusted Trial Balance will then include the balances of all accounts, including the adjustments made in the entries. Its main function is to display the total debit and credit balances after adjustments have been made. The Adjusted Trial Balance serves as the foundation for creating the Financial Statements (Yuniarwati et al., 2017).

The seventh step is to prepare financial statements. At the time of preparing the financial statements there are 4 types of financial statements. These include (1) profit/loss statement, (2) capital change statement, (3) balance sheet, (4) cash flow statement. The income statement explains the difference between income and expenses. The financial report can be compiled in different ways, such as the one-step or multi-step method, and may also be adjusted to include specific details about special circumstances. The document detailing changes in capital is found by combining starting retained earnings with profits, or by

subtracting losses and dividend payments. The summary of retained earnings offers a brief overview of how retained earnings have changed over time. The cash flow report provides information on a company's cash movements through three categories: operations, investments, and financing (Dewi et al., 2017).

As the eighth step, is to make a Closing Journal and post it into the ledger. At the end of the accounting period, the temporary account balance is transferred to the permanent equity account. Net income (net loss) and dividend will be closed to Retained Earning. This can be seen in the Retained Earning Statement. With the closing entries, the balance of each temporary account becomes zero. Then this temporary account will accumulate data to the next accounting period and separate from the data in the previous period (Yuniarwati et al., 2017).

The last stage involves creating the Post Closing Trial Balance. Once the company has recorded and posted the closing entries, a new Trial Balance will be prepared known as the Post Closing Trial Balance. This balance will only include permanent accounts and their balances after the closing entries have been processed. The aim of the Post Closing Trial Balance is to confirm the accuracy of the permanent account balances that will be transferred to the next accounting period. This paper aims to provide an understanding of the accounting cycle from beginning to end as a basis for preparing financial reports for SMA Providentia.

2. Methods

The PKM team is from the Faculty of Economics and Business, Tarumanagara University, which consists of one lecturer as the Chief Executive and two students as members. There are several stages of implementation to realise this training. The first stage is the preparation stage, where the PKM Team conducts an online survey to the Partner, in this case with the Providentia High School economics teacher, to find the problems being faced related to the field of Accounting. Then, based on these problems, the PKM Team provides solutions to the problems faced by conducting training. Partners determine training participants, days and hours that are available offline. The result of this stage is the obtaining of a Statement of Willingness to Cooperate from the Partner.

The second stage is the Implementation Stage, where the PKM Team compiles a Module with the title 'Debriefing the Accounting Cycle as the Basis for Preparing Financial Statements for Providentia High School Students' which contains theory and applicable practice questions in accordance with conditions in the business world. On the appointed day and time, Partners prepared the training participants, classrooms, and infrastructure needed such as: infocus, markers, and Mic. At the end of the training, participants are asked to fill out a questionnaire to assess the training that has been held. The third stage is to write an article and publish it in an ISSN journal.

3. Results and Discussion

The PKM training was held on Friday, 24 April 2025, starting at 10.00 am until completion, onsite. The training was attended by 19 Grade 11 students. The training was divided into three sessions. The first session was the presentation of training materials in Modules by the PKM Team in a one-way manner and accompanied by questions and answers. The PKM team explained what accounting is, the output of the accounting information system, who are the users of accounting information, and how financial statements can be generated through the accounting cycle that occurs in a company. The results obtained from this first

session were that the material we conveyed could be followed well and enthusiastically by students. This can be seen from the way they pay attention and answer the questions we give. Here is the documentation of the material presentation session:



Figure 1. Atmosphere of Training Implementation

Then, continued in the second session where the PKM Team provided practice questions and discussed them together with the training participants. In this session, students were invited to discuss and actively ask questions. The atmosphere of discussing the exercise questions was relaxed and there was good communication in both directions. The results obtained in this second session are: students who previously did not understand the Accounting Cycle; now they understand enough and understand better than before. This can be seen from their answers to the exercise questions.

The training continued in the third or final session, where the PKM Team held a Quiz with the following questions:

Table 4. Quiz questions for the students

1 January 2025	Deposited Rp 300,000 as capital.
10 January 2025	Purchased equipment on credit in the amount of Rp 75,000.
12 January 2025	Purchased assets in the form of fixed vehicles for Rp 150,000 with a useful life of 5 years.
15 January 2025	Performed engine service with a service fee of Rp 30,000, the repair was done immediately and payment was received immediately.
25 January 2025	Customer requests engine repair services at a cost of Rp 50,000. services are provided immediately and payment is made the following month.
31 December 2025	Make adjustments to all assets that have been purchased.
31 December 2025	Paid utilities expense of Rp 2,000 in cash.

From the quiz results, it was found that some students showed quite good answers, but some other students still needed guidance because they did not fully understand the material taught.

4. Conclusion

The community service (PKM) have been carried out well and show satisfactory results. Through the implementation of this activity, participants gained a more systematic understanding of how accounting works and the various stages in the accounting cycle, starting from identifying transactions, recording transactions to preparing financial statements. The active participation and positive responses from students indicate that this activity is relevant and needed in supporting their academic competencies, especially in the field of basic accounting. In addition to providing conceptual understanding, this activity also succeeded in equipping students with applicable practical skills. Thus, this programme is not only theoretical, but also has a direct impact on improving students' ability to apply accounting knowledge in a real context.

Overall, the implementation of this PKM can be said to have successfully achieved the objectives set. This success is expected to be a foothold for the development of similar activities in the future, both in the same school and in other educational institutions. In addition, this activity shows that student involvement in the community education process has a real contribution to improving financial literacy among students.

5. References

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