

HANDS-ON PRACTICE

SERVICE COMPANY



Emillia Nurdin



Accounting Practice in Service Company

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Word Introduction



*Bismillahirrahmanirrahim,
Assamu'alaikum warahmatullahi wabarakatuh...*

Praise the author's gratitude to the presence of Allah SWT, who with His grace and blessings gave guidance to the author to complete the writing of this book. This *ebook* is one of the outcomes of the *Workshop and Assistance for Writing Indonesian Multimodal EBooks, Virtual Education Academy III 2021*.

This book is based on the author's experience as a lecturer in introductory accounting and financial accounting courses, where many students have difficulty in preparing financial statements. The author tries to present this book as easily as possible for readers to understand, so that it is possible to directly practice Service Company Accounting. Therefore, the author hopes that this book can be useful for readers in making financial statements, especially in service companies.

Chapter 1 of this book presents a glimpse of accounting. In chapter 2 The accounting cycle, and chapter 3 presents the accounting practices of service companies.

The author would like to thank the organizing committee of the Indonesian Multimodal *Ebook* Writing Workshop and Assistance, so that this book can be realized. The author realizes that in analysis and presentation, this book is far from perfect. Therefore, any comments, criticisms or suggestions for the improvement of this book will be gladly received by the author.

Kendari, November 2021

Emillia Nurdin





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Introduction

Overview of ebook
content

This *ebook* briefly discusses the basic concepts of accounting for service companies and the practice of preparing financial statements in service companies. Starting from a brief explanation of accounting, the accounting cycle, and accounting practices of service companies.

In the content section, explanations are given accompanied by elements of video, audio, images and files, including excel files in the form of formats for working on service company accounting practice exercises.

To make it easier for readers to access directly to the chapter they want to read, the author provides a link to the table of contents and is directed directly to the chapter they want to read. Similarly, if the reader wants to return to the table of contents, at the beginning of each chapter, the author provides a link to return to the table of contents.

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Chapter 1

Accounting at a glance

Accounting at a glance

This chapter contains a brief explanation of Accounting. After studying this chapter, readers are expected to be able to understand the basic concepts of Accounting.

Definition of Accounting

The following are given some definitions of accounting: According to *American Accounting Association (AAA)*, Accounting is the process of identifying, measuring, and reporting information economic information to enable clear and decisive judgments and decisions to be made by those who use the information.

According to the *American Institute of Certified Public Accountants (AICPA)*, Accounting is the art of recording, classifying, summarizing in a certain way and expressed in units of currency, transactions and events that are generally financial in nature and interpreting the results.

According to the *Financial Accounting Standards Board (FASB)*, accounting is a service activity whose function is to provide quantitative information that is then used in making economic decisions.

Furthermore, according to Horngren & Harrison (2007), accounting is an information system that measures business activities, processes data into reports, and communicates the results to decision makers.

Based on some of the definitions presented, it can be seen that accounting is an information system that processes transactions into financial information that is useful for its users for decision making.

The following video is presented related to the definition of accounting.



Company Classification

In the business world there are several classifications of companies, broadly speaking, the classification of companies based on operations is divided into 3, namely:

a. Service companies, are companies whose activities perform services or sell services to other parties or the public. Examples: legal consultants, banks, insurance, transportation, accounting firms, workshops, salons, and so on.

Characteristics of service companies:

- 1) Revenue comes from the sale of services or services.
- 2) In this service company there is no inventory, so there is no calculation of cost of goods sold.
- 3) The profit earned comes from the comparison of incoming revenue minus the amount of operational and non-operational expenses.

b. A trading company is a company whose activity is to purchase goods and then resell them without changing their form at a higher price. Examples: motorcycle and car dealerships, grocery stores, supermarkets.

Characteristics of a trading company:

- 1) Its activity is to buy and sell without changing the form at a selling price that is higher than the purchase price.
- 2) Revenue derived from the sale of merchandise
- 3) The type of inventory is merchandise inventory.
- 4) There is a calculation of cost of goods sold.

c. Manufacturing companies, often called industries or manufacturers, are companies whose activities involve processing raw materials into finished or semi-finished goods and then selling them to the public. Examples: textile industry, bakery industry, electronics industry.

Characteristics of manufacturing companies:

- 1) Producing finished and semi-finished goods.
- 2) Revenue comes from producing goods and selling them to the public.
- 3) The types of inventory are raw material inventory, work-in-process inventory, finished goods inventory ready for sale.
- 4) There is a calculation of the cost of goods manufactured.

Accounting Objectives and Users of Financial Statements

The main objective of accounting is to present financial information in the form of financial statements to interested parties. The parties that use financial statements include:

1. Company management where financial reports can be used for decision making.
2. Company owners, the function of financial statements is used to inform the state of the company from a financial perspective.
3. Investors & shareholders, here investors usually look at financial statements to make stock investment decisions.
4. Creditors or lenders usually look at the health of the company from the financial statements to decide whether the company is worthy of credit or not.
5. The government has an interest in collecting taxes based on the financial statements.
6. Employees, need accounting information to know the profitability and accountability of the company they work for.

Basic Accounting Equation

The basic accounting equation provides a big picture of the company's *assets*, *liabilities*, and *equity* during a certain accounting period. In addition, the basic accounting equation is also used to perform simple bookkeeping of the company.

The relationship between wealth, debt, and capital can be formulated into an *accounting equation* as follows:

$$\text{Assets} = \text{Debt} + \text{Capital}$$

The formulation of the accounting equation above is standard (absolute). where *liabilities* must be placed first before *equity*. this implies that creditors have the first right to the company's wealth, after which the remaining *assets that* still exist are then the rights of fund owners / shareholders.

Assets are economic resources owned by the company. These assets will then be used (utilized or consumed) by the company for the smooth running of daily operations. Examples of assets include: cash, accounts receivable, merchandise inventory, store and office equipment, insurance and prepaid rent, land, buildings, store and office equipment/furniture, operational vehicles, and other assets.

Debts/liabilities are the company's obligations to creditors (suppliers, bankers) and other parties (employees, government). Creditors and other parties here have rights/claims over the company's assets. Examples are: *Accounts Payable*, Bank Loans, *Salaries Payable*, *Income Taxes Payable*.

Capital/*Equity (equity)* is the right of fund owners or shareholders to company assets. Equity for individual companies is called *owner's equity*, for firms (partnerships) it is called *partnership equity*, while for companies it is called *stockholders' equity*. Equity/capital is also known as *net assets*, which means that the rights (claims) of owners or shareholders to the company's assets are obtained after all the assets in the company are deducted.

8 with all the company's liabilities.

Illustration of Basic Accounting Equation

On January 2, 2020, Ms. Amany started her business as an advocate (sole proprietor) in the field of law. Some transactions that occurred during January 2020 are as follows:

Tanggal	Transaksi
2020 Jan 2	Nona Amany menyetor uang ke dalam perusahaan sebagai modal awal sebesar Rp. 25.000.000,-
2	Nona Amany membayar sewa kantor untuk bulan Januari Rp. 5.000.000,-
3	Dibeli perlengkapan berupa alat tulis kantor secara kredit dengan harga Rp. 3.000.000,-
10	Diterima uang atas jasa yang telah diberikan kepada klien sebesar Rp. 5.000.000,-
12	Dibayar utang atas pembelian perlengkapan pada tanggal 3

The accounting equation from the illustration above is:

	Aset		=	Liabilitas	+	Ekuitas
	Kas	+ Perlengkapan	=	Utang	+	Ekuitas
Jan						
2	25.000.000					25.000.000
2	- 5.000.000					- 5.000.000
Saldo	20.000.000					20.000.000
3		3.000.000		3.000.000		
Saldo	20.000.000	3.000.000		3.000.000		20.000.000
10	5.000.000					5.000.000
Saldo	25.000.000	3.000.000		3.000.000		25.000.000
12	- 3.000.000			- 3.000.000		
Saldo	22.000.000	3.000.000		-		25.000.000

Transaction Explanation:

January 2, 2020, the company's cash increased (formed) as a result of a cash deposit transaction from the owner (Miss Amany) into the company; this cash will be used as initial capital to finance the company's operations later. In preparing the basic accounting equation, the sum of the left side must be equal (balanced) to the sum of the right side, therefore cash increases and capital also increases.

January 2, 2020, the company's cash decreased as a result of the payment transaction for office rental expenses. In preparing the basic accounting equation, the sum of the left side must be equal (balanced) to the sum of the right side, therefore cash decreases and capital also decreases. Later in chapter 2 when discussing normal balance and the meaning of debit and credit accounts, it will be clearer that expenses that have been incurred (let alone paid) reduce capital.

January 3, 2020, the company's cash is not affected (does not decrease) because the equipment is purchased on credit. The balance of supplies and payables increased. Again, note that the sum of the left side and the sum of the right side in the basic accounting equation must balance.

January 10, 2020, Cash increases because the company receives money from clients for the services it has provided. This income from the client will automatically increase the company's capital. In terms of the basic accounting equation, cash increases and capital also increases.

January 12, 2020, the company's cash decreases because it is used to pay debts for equipment purchases that have been made on credit on January 3, From the point of view of the account equation, cash decreases as well as debts decrease.

The following is a video related to the basic accounting equation.



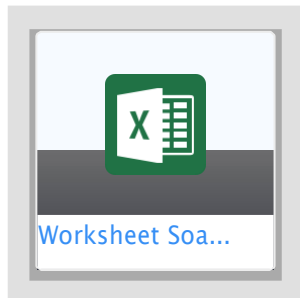
CHAPTER 1 PRACTICE EXERCISE

At the end of the video Basic accounting equations (page 11), there is a problem in the form of Mahmud's photocopy business transactions (presented below).

Berikut ini merupakan transaksi-transaksi yang dilakukan usaha Fotokopi Mahmud selama bulan Januari 2013:

- Jan 1 Mahmud menginvestasikan uang tunai Rp 15.000.000,00 pada perusahaan jasa miliknya
- Jan 2 Perusahaan membeli mesin fotokopi pada PT. Abadi dengan kredit sebesar Rp 10.000.000,00
- Jan 5 Perusahaan membeli perlengkapan secara tunai Rp 1.000.000,00
- Jan 15 Perusahaan menerima pendapatan jasa selama dua pekan sebesar Rp 5.500.000,00
- Jan 16 Fotokopi Mahmud membayar sebagian utang kepada PT. Abadi atas pembelian tanggal 2 Januari 2013 sebesar Rp 7.500.000,00 tunai

Show the effect of each transaction on the elements of the accounting equation (Assets, Liabilities, Equity) and the balance after the transaction using the attached worksheet.





Chapter 2

Accounting Cycle

Accounting Cycle

This chapter contains a brief explanation of the Accounting Cycle. After studying this chapter, readers are expected to be able to understand the Accounting Cycle in Service Companies.

The accounting cycle in general is a process in forming a company's financial statements that can be accepted and accounted for. Here is an image of the accounting cycle.



Figure 2.1 Accounting Cycle

As a cycle, the accounting process also has various stages that must be passed sequentially. The goal in this cycle is to provide the right accounting information so that it can help in the decision-making process. To achieve this goal, the following stages in the Accounting cycle are presented.

1. Proof of Transaction

Transaction evidence is a set of documents containing details of financial transactions. Not all transactions can be recorded, transactions that can be recorded are transactions that result in changes in the financial position (assets, liabilities and equity) of the company and can be valued into monetary units objectively.

Proof of transaction is usually in the form of:

1. Internal transaction evidence, is evidence used for transaction activities within the company environment, including:

- a. Proof of cash in, is a proof that the company receives money in cash or in cash, for example: sales in cash.
- b. Proof of cash out, is proof that the company issued cash, for example: salary payments, debt payments.
- c. Memo, is a record between sections or managers with parts of the company.

2. External transaction evidence, is evidence of transactions carried out by the company with other parties outside the company, including:

- a. Invoice, is a proof of purchase or sale on credit.
- b. Receipt, is proof of receipt of money with an attestation in the form of a signature of the recipient of the money and handed over to the one who paid the amount of money.
- c. A cash receipt is evidence of the purchase of a number of goods in cash.
- d. Debit notes, are proof of transactions for shipping goods that have been purchased, but the goods that have been purchased by the company are damaged or not as ordered.
- e. Credit notes, are proofs of transactions for receiving back goods that have been sold by the company because the goods are damaged or not in accordance with the order.
- f. Check, is a warrant addressed to the bank and made by the party who has an account at the bank, so that the bank pays a sum of money to the party whose name is listed in the check.

The following is a video related to the types of proof of transactions in service companies.

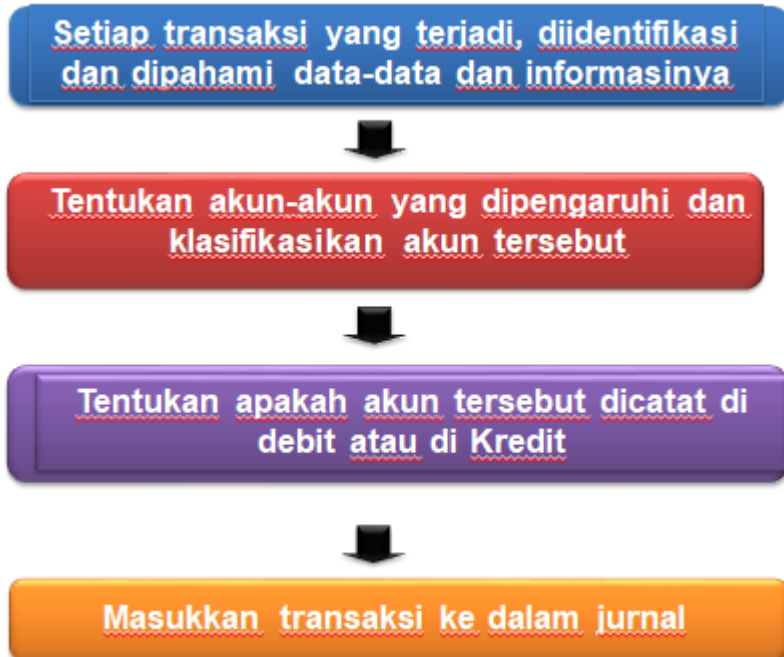


2. Journal

Financial transactions that occur are recorded in the journal chronologically, that is, in the order in which they occur. The journal will show the effect of each transaction on the account in the form of debits and credits. Through this credit debit procedure, we can see the increase or decrease in the balance of each related account. Therefore, it is necessary to analyze the transactions that occur.

A journal is all financial transactions of a business entity or organization that are recorded chronologically and for the purpose of data collection, including the number of transactions, the names of transactions either affecting or influenced, and transaction time running.

Simple steps for creating general journal as follows:



In the journal there are accounts or accounts, the accounts or accounts are as follows:

1. **Assets** are the wealth of the company which includes current ~~ass~~ (cash and cash equivalents, receivables, inventories, etc.), fixed assets (machinery, buildings, land), intangible assets (patents, *franchises*), and other assets.

2. **Debt / liabilities** are obligations that must be paid by the company, debt includes current / short-term debt (debt that is repaid in less than one year), non-current debt (debt that is repaid in more than one year).

3. **Capital** is a sum of money or goods deposited by the owner of the company that will be used by the company to run its business.

4. **Revenue** is income arising from the company's activities such as sales, service income, dividends, royalties and rental income.

5. **Expenses** are costs that are utilized to generate revenue for a period.

Here are the rules of the debit and credit mechanism:

Kelompok Akun	Bertambah	Berkurang	Saldo Normal
Aktiva	Debit	Kredit	Debit
Utang	Kredit	Debit	Kredit
Modal	Kredit	Debit	Kredit
Pendapatan	Kredit	Debit	Kredit
Beban	Debit	Kredit	Debit

Description:

If the **asset** class increases in debit, if the asset class decreases in debit

If class **debt** increases credited , if the debt class decreases, it is debited.

If the **capital** class increases in credit, if the capital class decreases in debit

If the **income** bracket increases, it is credited, if the income bracket decreases, it is debited.

If the **expense** class increases it is debited, if the expense class decreases it is credited,

In the journaling process, each transaction is divided into two parts: Debit and Credit. This recording can be done in a Journal. There are 2 kinds of journals, namely: general journal and special journal. In this *ebook*, a general journal is used.

General Journal Form

NAMA PERUSAHAAN					
Jurnal Umum					
Periode.....					
Tanggal	No Bukti	Nama Akun/Keterangan	Ref	Debet	Kredit
(1)	(2)	(3)	(4)	(5)	(6)
		(7)			

Description:

- (1) Contains the date, month, and year of the transaction. The month and year are only written once per title page, unless there is a month/year change.
- (2) Fill in the number of proof of transaction documents.
- (3) Filled in by the account related to the transaction that occurred, which will be debited or credited.
- (4) Fill in the account code whose numbers have been moved/listed in the ledger.
- (5) Fill in the nominal value of the account being debited.
- (6) Fill in the nominal value of the account being credited.
- (7) Brief description of the transaction (*optional*).

Here is a video on how to make a general journal of a service company.



3. Ledger

After the transactions are recorded in the journal, the next step is to *post* (transfer) each account balance contained in the journal into the *general ledger* for each account. The general ledger is a collection of accounts used to summarize transactions that have been recorded in the journal. Posting is the transfer from the journal to the ledger according to the transaction date and grouped by the same account.

Posting is the transfer from the journal to the ledger according to the date of the transaction and grouped by the same account.

There are 3 forms of ledgers that are often used by companies, depending on the needs of each company, as follows:

1. **T-Shape Ledger**, is the simplest ledger and is shaped like the letter T where the top contains the name and code of the account, the lower right side contains debit and the lower left side is for credit. An example is as follows:

24	Nama Akun:	No. Akun:
	Sisi Sebelah Kiri (debit)	Sisi Sebelah Kanan (kredit)

2. **Scontro Form Ledger**. is a columnar ledger, commonly called a two-column form or *side-by-side* form. The *skontro ledger* is more complete than the *T ledger*. Examples are as follows:

Nama Akun:			Kode Akun:				
Tgl.	Keterangan	Ref.	Debit	Tgl.	Keterangan	Ref.	Kredit

3. **Staffel Form ledger**, which is a page-shaped ledger and has a balance column. This form is the most complete form when compared to the previous two types. This staffel form ledger consists of types which include:

a. The staffel ledger has a single balance column. An example is as follows:

Nama Akun:				Kode Akun:		
Tgl.	Keterangan	Ref.	Debit	Kredit	D/K	Saldo

b. The staffel ledger has duplicate balance columns. An example is as follows:

Nama Akun:					Kode Akun:	
Tgl.	Keterangan	Ref.	Debit	Kredit	Saldo	
					Debit	Kredit

4. Balance Sheet

The *trial balance* is a report that lists the balances derived from each account that has been created in the company's general ledger at a certain point in time. The purpose of creating this report is to identify the balance of debit and credit entries of transactions recorded in the general ledger at a specific point in time.

- If there is a difference in the amount of the debit side and the credit side in the trial balance, it is certain that there is a posting error (because in the *double entry system*, the debit side and the credit side should be balanced).

- If there is an equality between the sum of the debit side and the credit side, there are still 2 possibilities, namely:

(1) journals and postings have been done correctly,
or

(2) there is still a possibility of error. This is because the balance sheet still has limitations in detecting errors made, because the balance sheet will still show the same amount of debit and credit sides if:

- a. there are account identification errors in making journal entries,
- b. there are transactions that are not journalized,
- c. transactions are journalized more than once.

If there is a difference in the amount of the debit side and the credit side of the trial balance, it is certain that an error has occurred, but if there is an equality in the amount of the debit side and the credit side of the trial balance, it is not necessarily correct...

The form of the trial balance is as follows:

PT. XYZ
Neraca Saldo
31 Desember 20X1

Kode akun	Nama Akun	Debit	Kredit

5. Adjustments

The *adjusting journal entry* is a journal that is used to adjust the account balances on the trial balance to the actual balance at the end of the accounting period, with the aim of reflecting the actual state of assets, debts, capital, income and expenses.

In principle, there are four items that require adjustment, namely:

1. **Prepaid Expenses.** Expenses are paid in cash and recorded as assets **before they** are used or consumed.
2. **Revenue Received in Advance.** Revenue is received in cash and recorded as payable **before it is** earned.
3. **Accrued Revenue.** Revenue earned **but not yet received** in cash or recorded.
4. **Accrued Expenses.** Expenses incurred **but not yet paid** in cash or recorded.
5. **Depreciation of Fixed Assets.** Depreciation that must be recorded as recognition of depreciation expense by the company. Examples are vehicles, buildings and other physical objects.
6. **Equipment Usage.** The value of an equipment will decrease if the equipment has been used so an adjustment journal must be made.

Here's how to solve and work through the adjusting journal case:

No.	Macam Penyesuaian	Jurnal Penyesuaian
1	Beban Dibayar Dimuka: a. Saat pembayaran dicatat sebagai aset b. Saat pembayaran dicatat sebagai beban	Beban.... Rp. xxx ... dibayar dimuka Rp. xxx ... dibayar dimuka Rp. xxx Beban.... Rp. xxx
2	Pendapatan diterima dimuka a. Saat penerimaan dicatat sebagai utang b. Saat pembayaran dicatat sebagai pendapatan	... diterima dimuka Rp. xxx Pendapatan... Rp. xxx Pendapatan ... Rp. xxx ... diterima dimuka Rp. xxx
3	Pendapatan yang masih harus diterima	Piutang.... Rp. xxx Pendapatan.... Rp. xxx
4	Beban yang masih harus dibayar	Beban.... Rp. xxx Utang.... Rp. xxx
5	Penyusutan Aset Tetap	Beban Penyusutan... Rp. xxx Akumulasi Penyusutan... Rp. xxx
6	Pemakaian Perlengkapan	Beban Perlengkapan Rp. xxx Perlengkapan Rp. xxx

6. Balance Sheet After Adjustment

The trial balance after adjustment is a list of account balances that exist on a certain date located in the ledger after being updated due to an adjustment journal. The format of the trial balance after adjustment is the same as the format of the trial balance before adjustment.

Based on the balance sheet after adjustment, the next step is to make financial statements. Sometimes to make financial statements many have difficulty when preparing financial statements, so a balance sheet / working paper is provided (optional) in order to facilitate the preparation of financial statements.

A balance sheet or working paper is a paper with columns (columns) used to collect accounts of company transactions, for the purpose of preparing financial statements. The balance sheet is not a financial report and is only to facilitate the preparation of financial statements.

The procedure for preparing a balance sheet is as follows.

1. Entering the balances contained in the ledger accounts into the Balance Sheet column on the balance sheet form, where the debit amount and credit amount must be the same.
2. Make an adjustment journal and then enter it into the column provided in the balance sheet.
3. Add up or find the difference between the Balance Sheet column and the Adjustment Clause column, and fill in the Balance Sheet after Adjustment column.
4. Moves the amounts in the Balance Sheet column after adjustment into the Profit/Loss column and the Statement of Financial Position (Balance Sheet) column. Where:
 - a For the real accounts or Statement of Financial Position (balance sheet), namely the Assets / A s s e t s , Debts / liabilities, and Capital accounts, must be transferred to the balance sheet pool.
 - b. For nominal or profit and loss accounts, namely Income and Expense accounts, must be transferred to the Profit and Loss column.

5. Sum the profit and loss and balance sheet columns. If the profit and loss column is larger on the credit side, meaning a profit, then the profit amount is transferred to the balance sheet column on the credit side. Conversely, if the amount in the profit and loss column is greater than the debit side, meaning a loss, then the amount of loss is transferred to the debit side of the balance sheet.

The form of a balance sheet is as follows:

PT. XYZ
Neraca Lajur
Untuk Tahun yang Berakhir 31 Desember 20X1

Kode Akun	Nama Akun	Neraca Saldo		Penyesuaian		NSSP		Laporan Laba Rugi		Laporan Posisi Keuangan	
		Debit	Kredit	Debit	Kredit	Debit	Kredit	Debit	Kredit	Debit	Kredit

Ket: NSSP (Neraca Saldo Setelah Penyesuaian)

7. Financial Report

Accounting produces financial statements which contain information about the entity's financial position and performance for a certain period. Based on PSAK 1, the purpose of financial statements is to provide information about the entity's financial position, financial performance, and cash flow that is useful for most users of the report in making decisions.

The resulting financial statements consist of:

1. **The Statement of Financial Position (balance sheet)** is a systematic report on the position of a company's assets, liabilities and equity at a given point in time.
2. **The Income Statement** is a systematic report of the company's income and expenses for a specific period of time.
3. **The Statement of Changes in Equity** is a report that presents an overview of changes in the owners' equity of a company for a certain period of time.
4. **The Cash Flow Statement** is a report that describes cash inflows and outflows in detail from each activity, starting from operating activities, investment activities to funding / financing activities for a certain period.

5. **Notes to Financial Statements (CALK)** is an integral part that cannot be separated from other components of the financial statements, which aims to provide a more complete explanation of the information presented in the previous components of the financial statements.

Based on PSAK 1, the purpose of financial statements is to provide information about the financial position, financial performance, and cash flows of the entity that is useful for most users of the report in making decisions.

The following is a video related to Service Company Financial Statements.



8. Closing Journal

The *closing entry* is the journal used to close all nominal accounts (income and expenses) at the end of the period, done by journaling these accounts against their nominal balances. Thus, at the end of the period the value of both accounts must be made zero. Personal take (prive) is also a temporary account that must be closed at the end of the period.

9. Closing Balance Sheet

The closing balance sheet is a balance sheet that is prepared after the nominal account or temporary account is closed or the balance is zeroed out, by making a closing journal. The contents of the closing balance sheet are real accounts (assets, debts and capital), which are accounts whose balances carry over from one accounting period to the next. In general, the accounting cycle will end with the preparation of the closing balance sheet.

The closing balance sheet is used as the basis for preparing the initial balance sheet for the following period. For the format of the balance sheet after closing is the same as the format of the balance sheet before adjustment.

10. Reversing Journal

A *reverse entry* journal is a journal used to reverse the adjusting journal that gives rise to accounts on the balance sheet. The reversing journal is usually made at the beginning of the accounting period to reverse the adjusting journal that gives rise to new real estimates. This journal is **optional**, meaning that it can be made or not. If it is made it will provide benefits, in the next period it will be more practical to record it. **Not all adjusting journal paragraphs are reversed.**

The question:

What are the criteria or characteristics of an adjusting journal that requires a reversing journal?

The characteristic of an adjustment journal that needs to be reversed is if the adjustment journal creates or creates a new real account or balance sheet account (an account that has not appeared in the balance sheet in the period it was created).

Example:

1. The adjustment journal that has been made in 2020 by ABC Service Company is as follows: (D)Interest Expense Rp. 1,000,000,-
(K) Accrued interest (ymh) to be paid Rp. 1,000,000,-

Explanation:

The adjustment journal needs to be reversed in the next period, because the adjustment journal creates a new *real* account (balance sheet account), namely Interest paid or interest payable account.

2. The adjusting journal entry that has been made is as follows: (D)Prepaid Rent Rp. 500,000,-
(K) Rent Expense Rp.500.000,-

Explanation:

The adjustment journal needs to be reversed in the next period, because the adjustment journal creates a new real account (balance sheet account), namely prepaid rent or rent receivable account.

3. Still the same as the adjustment journal in no. 2, but now the recording uses the balance sheet approach. The adjustment journal that has been made is as follows:
(D) Rent Expense Rp.500.000,-
(K) Prepaid Rent Rp. 500,000,-

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Explanation:

The adjustment journal does not need to be made in the next period, because the adjustment journal does not create a new *real* account (balance sheet account), because prepaid rent or rent receivable account has been recorded in the balance sheet and general journal.

The adjusting journals that need to be reversed are:

1. Accrued Expenses
2. Accrued Income
3. Prepaid Expenses, if recording using the profit and loss approach
4. Income Received in Advance, if recorded using the profit and loss approach
5. Usage Equipment, if recording using the profit and loss approach

The question:

How get to logging with using approachlabarugi or balance

The following is a link explaining the characteristics of the profit and [loss approach and the balance sheet: Knowing the Profit and Loss Approach and Balance Sheet in Accounting \(accountansidasar.com\)](https://www.accountansidasar.com)

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After making a reversing journal and *posting* to the ledger, it will be easier to record at the beginning of the next accounting period transactions. To better understand the accounting cycle, here is a video related to the Accounting Cycle.



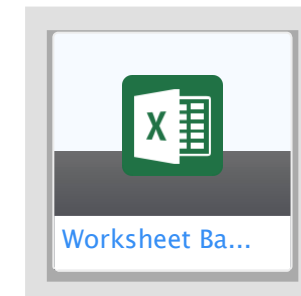
CHAPTER 2 PRACTICE EXERCISE

Berikut ini merupakan transaksi-transaksi yang dilakukan usaha Fotokopi Mahmud selama bulan Januari 2013:

- Jan 1 Mahmud menginvestasikan uang tunai Rp 15.000.000,00 pada perusahaan jasa miliknya
- Jan 2 Perusahaan membeli mesin fotokopi pada PT. Abadi dengan kredit sebesar Rp 10.000.000,00
- Jan 5 Perusahaan membeli perlengkapan secara tunai Rp 1.000.000,00
- Jan 15 Perusahaan menerima pendapatan jasa selama dua pekan sebesar Rp 5.500.000,00
- Jan 16 Fotokopi Mahmud membayar sebagian utang kepada PT. Abadi atas pembelian tanggal 2 Januari 2013 sebesar Rp 7.500.000,00 tunai

Using the same transaction in the chapter 1 practice exercise above, make a January transaction journal for Mahmud's Photocopy Business using the attached worksheet. The accounts used are:

- 11 Cash
- 13 Equipment
- 16 Equipment
- 21 Accounts Payable
- 31 Capital Mr. Mahmud
- 41 Service Revenue





Chapter 3

Service Company Accounting Practices

Service Company Accounting Practices

This chapter contains accounting practices in service companies. At the beginning, examples of accounting practices of service companies are given along with their discussions. At the end, practice questions on accounting practices of service companies are given along with a work paper format (in the form of an excel file) to do the practice questions. After studying this chapter, readers are expected to be able to prepare financial statements of service companies.

Case Introduction

GENERAL INFORMATION

Nadiya and Partners established a Public Accounting Firm named Kantor Akuntan Publik Nadiya dan Rekan in January 2020. The business is located at Sejahtera Street No. 1 Kendari.

ACCOUNTING RECORDS

Kantor Akuntan Publik Nadiya dan Rekan uses the following accounting records:

- (a) journal;
- (b) ledger.

Journal

Nadiya and Rekan Public Accounting Firm records all transactions that occur in the General Journal (JU) which is used to record transactions and other journals such as adjustment journals, closing journals, and reverse journals.

Ledger

Transactions that have been recorded in the journal at the end of each month are posted to the ledger. The following is the composition and account code of the ledger that applies to the *Public Accounting Firm of Nadiya and Partners*.

100	Aset
101	Kas
102	Piutang Usaha
103	Perlengkapan Kantor
104	Sewa Dibayar dimuka
200	Liabilitas
201	Utang Usaha
202	Utang Gaji
203	Utang Bank
300	Ekuitas
301	Modal Nn. Nadiya
303	Ikhtisar Laba Rugi
400	Pendapatan
401	Pendapatan Jasa
500	Beban
501	Beban Gaji
502	Beban Listrik, Air dan Telepon
503	Beban Perlengkapan kantor
504	Beban Sewa

The following is a series of transactions that occurred at the Nadiya Public Accounting Firm during its first month of operation, namely January 2020.

Tanggal	Transaksi
2020 Jan,1	Nona Nadiya menyetor uang Kas ke dalam perusahaan sebesar Rp 22.500.000 sebagai modal awal
1	Dibayar sewa gedung untuk 3 tahun sebesar Rp 6.750.000
3	Dibeli perlengkapan kantor sebesar Rp15.000.000 secara kredit
5	Melakukan audit umum atas laporan keuangan klien dan dibayar bulan depan sebesar Rp 15.000.000
10	Diterima kas dari klien sebesar Rp 7.500.000 , atas jasa konsultasi sistem akuntansi klien.
12	Meminjam uang ke bank sebesar Rp. 75.000.000,-
13	Dibayar utang atas transaksi tanggal 3 Januari.
14	Diterima kas dari klien, atas jasa penyusunan laporan keuangan sebesar Rp. 18.000.000,- sedangkan sisanya sebesar Rp. 12.000.000,- baru akan dilunasi tanggal 20 Januari 2010.
18	Dibayar gaji karyawan (bagian administrasi) Sebesar Rp 2.250.000
20	Nona Nadiya menerima uang dari utang klien pada 14 Januari 2020.
23	Dibayar utang ke bank sebesar Rp 3.750.000
25	Diterima kas dari klien sebesar Rp 7.500.000, atas jasa konsultasi sistem akuntansi klien.
28	Dibayar biaya telepon sebesar Rp 150.000, air sebesar Rp150.000 dan biaya listrik sebesar Rp225.000
30	Diterima kas dari klien sebesar Rp 7.500.000, atas review laporan keuangan klien.

Notes: The transactions and figures used in this case are for illustrative purposes only.

The data for the adjustment of the *Public Accounting Firm Nadiya and Partners* as of the financial reporting date in January 2020 are as follows:

- Office supplies remaining at Rp. 6,750,000,-
- Unpaid employee salary of Rp. 750,000
- Rent for January has been taken as an expense from prepaid rent

Next...

Based on the available information, the next section will present the process of preparing the financial statements of the Public Accounting Firm of Nadiya and colleagues for January 2020 with the following detailed stages.

1. Mempelajari semua bukti transaksi periode 1-31 Januari 2021.
2. Melakukan pencatatan transaksi harian selama bulan Januari 2020 ke dalam jurnal umum.
3. Posting transaksi ke buku besar.
4. Membuat neraca saldo sebelum penyesuaian.
5. Membuat jurnal penyesuaian berdasarkan data yang diberikan, dan Posting jurnal penyesuaian ke buku besar.
6. Membuat neraca saldo setelah penyesuaian.
7. Membuat laporan keuangan yang meliputi laporan laba rugi, laporan perubahan ekuitas, dan Laporan Posisi Keuangan untuk bulan Januari 2020.
8. Membuat jurnal penutup dalam jurnal umum yang disediakan khusus untuk jurnal penutup dan Posting jurnal penutup ke buku besar.
9. Membuat neraca saldo penutup per 31 Januari 2020.
10. Membuat jurnal balik yang diperlukan per 1 Pebruari 2020 pada formulir jurnal umum Pebruari 2020.

1. Transaction Identification and Analysis

Transaction January 1, 2020

There was an initial capital deposit in the form of cash, resulting in the addition of a capital account worth Rp. 22,500,000. The addition of this capital account is recorded in the credit column, while the addition of the cash account is recorded in the debit column.

Transaction January 1, 2020

The building lease payment transaction for 3 years amounted to Rp. 6,750,000, – so the prepaid rent account expenditure was recorded in the debit column. Payment of prepaid rent account is made in cash so that the reduction of cash account is recorded in the credit column.

Transaction January 2, 2020

Office equipment increases because there is a purchase. This additional asset will be recorded in the journal using the office supplies account on the debit side. The office equipment is purchased on credit, so the company's debt increases, the addition of this accounts payable account will be recorded on the credit side in the journal.

Transaction January 5, 2020

The value of services rendered to the client is Rp. 15,000,000, - This value must be recognized as service revenue on the credit side in the journal, even though the revenue will not be received until next month. Furthermore, the accounts receivable account is debited in the amount of Rp. 15,000,000, which reflects the company's right to collect it from the client.

Transaction January 10, 2020

The value of services that have been provided to clients is Rp. 7,500,000, - This value must be recognized as service income on the credit side in the journal. Likewise, with the addition of the cash account, it is recorded in the debit column.

Transaction January 12, 2020

Borrowing money to the bank in the amount of Rp. 75,000,000, - This value must be recognized as an addition to the bank payable account on the credit side in the journal. Likewise, with the addition of the cash account, it is recorded in the debit column.

Transaction January 13, 2020

Payment of debt for the purchase of office supplies on credit, resulting in a reduction in accounts payable of Rp. 15,000,000, - This value must be recognized as a reduction in the bank payable account on the debit side in the journal. Likewise, with a reduction in the cash account, it is recorded in the column Credits.

Transaction January 15, 2020

The value of the services provided to the client is Rp. 30,000,000, - This value must be recognized as service revenue on the credit side in the journal, even though the revenue has only been partially received, which is Rp. 18,000,000. The point is that revenue will be recognized immediately when the company has provided its services to the client, no matter whether the cash has been received in full, received in part, or even not at all received payment from the client. In accounting this is what is called the *accrual* basis of recording. In order for the debit and credit sides of the journal to be balanced (*double entry system*), the accounts receivable account is debited by Rp. 12,000,000, - which represents the company's right to collect from the client.

Transaction January 16, 2020

cash is reduced as a result of employee salary payment transactions. The cash account decreases on the credit side, while the salary expense increases on the debit side according to its normal balance.

Transaction January 20, 2020

Receiving cash from a client's debt payment on January 14, the cash account increases on the debit side, while the accounts receivable account decreases on the credit side.

Transaction January 23, 2020

Cash decreases as a result of the bank payable payment transaction. The cash account decreases on the credit side, while the bank payable account decreases on the debit side.

Transaction January 25, 2020

cash increases as a result of cash receipt transactions from clients amounting to Rp. 7,500,000, -. The cash account increases on the debit side, while the service revenue account increases on the credit side in accordance with its normal balance.

Transaction January 28, 2020

same as the transaction on January 16. Cash decreased as a result of the payment of electricity, water and telephone expenses. The cash account decreases on the credit side, while the electricity, water and telephone expenses increase on the debit side in accordance with the normal balance.

Transaction January 30, 2020

Similar to the transaction on January 25, cash increases as a result of cash receipt transactions from clients amounting to Rp. 7,500,000, -. The cash account increases on the debit side, while the service revenue account increases on the credit side in accordance with its normal balance.

2. Recording Transactions into a Journal

Based on the identification and analysis of transactions, the following are the steps to make a general journal on January 1, 2020.

Transaction Date January 1, 2020

Ms. Nadiya deposited cash into the company amounting to Rp 22,500,000 as initial capital.

Transaction Analysis

There was an initial capital deposit in the form of cash, resulting in the addition of a capital account worth Rp. 22,500,000. The addition of this capital account is recorded in the credit column, while the addition of the cash account is recorded in the debit column.

Journal

Tanggal	Keterangan	Ref. Post.	Debit	Kredit
2020 Januari				
1	Kas Modal Nona Nadiya (Melakukan setoran modal ke perusahaan)	101 301	22.500.000	22.500.000

Transaction Date January 1, 2020
 Paid building rent for 3 years amounting to
 Rp 6,750,000

Transaction Analysis

The building lease payment transaction for 3 years amounted to Rp. 6,750,000, – so the prepaid rent account expenditure was recorded in the debit column. Payment of prepaid rent account is made in cash so that the reduction of cash account is recorded in the credit column.

Journal

Tanggal	Keterangan	Ref. Post.	Debit	Kredit
2020 Januari				
1	Sewa Dibayar Dimuka Kas (Membayar sewa gedung selama 3 tahun)	104 101	6.750.000	6.750.000

Steps to create a general journal for transaction date 2 s.d. January 30, 2020, the same as the example above. The general journal of the Public Accounting Firm of Nadiya and Partners is as follows:

Kantor Akuntan Publik Nadiya dan Rekan				
Jurnal Umum				
Hal. 1				
Tanggal	Keterangan	Ref. Post.	Debit	Kredit
2020 Januari				
1	Kas Modal Nona Nadiya (Melakukan setoran modal ke perusahaan)	101 301	22.500.000	22.500.000
1	Sewa Dibayar Dimuka Kas (Membayar sewa gedung selama 3 tahun)	104 101	6.750.000	6.750.000
3	Perlengkapan Kantor Utang Usaha (Membeli perlengkapan kantor secara kredit)	103 201	15.000.000	15.000.000
5	Piutang Usaha Pendapatan Jasa (Mengakui pendapatan atas jasa audit umum atas laporan keuangan klien dan dibayar bulan depan)	102 401	15.000.000	15.000.000
10	Kas Pendapatan Jasa (Menerima kas atas jasa konsultasi sistem akuntansi klien)	101 401	7.500.000	7.500.000
12	Kas Utang Bank (Meminjam uang ke bank)	101 202	75.000.000	75.000.000
13	Utang Usaha Kas (Membayar utang atas transaksi tanggal 3 Januari)	201 101	15.000.000	15.000.000

Tanggal	Keterangan	Ref. Post.	Debit	Kredit
14	Kas	101	18.000.000	
	Piutang Usaha	102	12.000.000	
	Pendapatan Jasa (Mengakui pendapatan atas jasa audit umum atas laporan keuangan klien dan dibayar bulan depan)	401		30.000.000
16	Beban Gaji	402	2.250.000	
	Kas (Membayar gaji karyawan)	101		2.250.000
20	Kas	101	12.000.000	
	Piutang Usaha (Menerima uang dari utang klien pada 14 Jan 2020)	102		12.000.000
23	Utang Bank	203	3.750.000	
	Kas (Membayar utang ke bank)	101		3.750.000
25	Kas	101	7.500.000	
	Pendapatan Jasa (Menerima kas atas jasa konsultasi sistem akuntansi klien)	401		7.500.000
28	Beban Telepon	403	150.000	
	Beban Air	403	150.000	
	Beban Listrik	403	225.000	
	Kas (Membayar tagihan telepon, air dan listrik)	101		525.000
30	Kas	101	7.500.000	
	Pendapatan Jasa (Menerima kas dari klien, atas review laporan keuangan klien)	401		7.500.000
			220.275.000	220.275.000

Notes: All transactions in Rupiah (Rp.)

3. Posting Transactions to the Ledger

After the transaction is recorded in the journal, the next step is to *post* (transfer) each account balance contained in the journal to the *general ledger* for each account. The following is an example of a transaction on January 1, 2020, which is recorded in the journal and posted to the general ledger. The ledger used is in the form of a single balance columned staffel.

Jurnal

Tanggal	Keterangan	Ref. Post.	Debit	Kredit
2020 Januari 1	Kas Modal Nona Nadiya (Melakukan setoran modal ke perusahaan)	101 301	22.500.000	22.500.000

Kas 101					
Tanggal	Uraian	Ref. Post.	Debit	Kredit	Saldo
2020 Jan, 1			22.500.000		22.500.000

Modal Nn. Nadiya 301					
Tanggal	Uraian	Ref. Post.	Debit	Kredit	Saldo
2021 Jan, 1				22.500.000	22.500.000

Journal

Tanggal	Keterangan	Ref. Post.	Debit	Kredit
2020 Januari 1	Sewa Dibayar Dimuka Kas (Membayar sewa gedung selama 3 tahun)	104 101	6.750.000	6.750.000

Sewa Dibayar Dimuka 104

Tanggal	Uraian	Ref. Post.	Debit	Kredit	Saldo
2021 Jan, 1			6.750.000		6.750.000

Kas 101

Tanggal	Uraian	Ref. Post.	Debit	Kredit	Saldo
2020 Jan, 1			22.500.000		22.500.000
				6.750.000	15.750.000

The stages of posting from the general journal to the ledger of transactions dated January 2 to 30, 2020, are the same as the example above. The ledger of the Public Accounting Firm Nadiya and Partners is as follows:

Kas 101

Tanggal	Uraian	Ref. Post.	Debit	Kredit	Saldo
2020 Jan, 1			22.500.000		22.500.000
				6.750.000	15.750.000
12			7.500.000		23.250.000
13			75.000.000		98.250.000
14				15.000.000	83.250.000
16			18.000.000		101.250.000
20				2.250.000	99.000.000
23			12.000.000		111.000.000
25				3.750.000	107.250.000
28			7.500.000		114.750.000
30				525.000	114.225.000
			7.500.000		121.725.000

Piutang Usaha 102

Tanggal	Uraian	Ref. Post.	Debit	Kredit	Saldo
2021 Jan, 5			15.000.000		15.000.000
14			12.000.000		27.000.000
20				12.000.000	15.000.000

Perlengkapan Kantor 103

Tanggal	Uraian	Ref. Post.	Debit	Kredit	Saldo
2021 Jan, 3			15.000.000		15.000.000

Sewa Dibayar Dimuka 104

Tanggal	Uraian	Ref. Post.	Debit	Kredit	Saldo
2021 Jan, 1			6.750.000		6.750.000

Utang Usaha 201

Tanggal	Uraian	Ref. Post.	Debit	Kredit	Saldo
2021 Jan, 3 13			15.000.000	15.000.000	15.000.000 -

Utang bank 203

Tanggal	Uraian	Ref. Post.	Debit	Kredit	Saldo
2021 Jan, 12 23			3.750.000	75.000.000	75.000.000 71.250.000

Modal Nn. Nadiya 301

Tanggal	Uraian	Ref. Post.	Debit	Kredit	Saldo
2021 Jan, 1				22.500.000	22.500.000

Pendapatan Jasa 401

Tanggal	Uraian	Ref. Post.	Debit	Kredit	Saldo
2021 Jan, 5 10 14 25 30				15.000.000 7.500.000 30.000.000 7.500.000 7.500.000	15.000.000 22.500.000 52.500.000 60.000.000 67.500.000

Beban Gaji 501

Tanggal	Uraian	Ref. Post.	Debit	Kredit	Saldo
2021 Jan, 16			2.250.000		2.250.000

Beban Listrik, Air dan Telepon 502

Tanggal	Uraian	Ref. Post.	Debit	Kredit	Saldo
2021 Jan, 28			150.000 150.000 225.000		150.000 300.000 525.000

4. Setting Up a Balance Sheet Before Adjustment

After posting to the ledger and the balance of each account has been calculated in the ledger, the next step is to prepare a trial balance. If using a staff ledger, the balance of each account will appear in the balance column on the same line as the last journal posting to the account.

As explained in chapter 2, the trial balance does not provide complete evidence of the accuracy of the ledger. The trial balance only shows how the debit side and the credit side are equal. However, it is still useful evidence because errors often affect the equality of debits and credits. If the sum of the two is not equal, it is certain that an error has occurred.

Kantor Akuntan Publik Nadiya dan Rekan
Neraca Saldo
Per 31 Januari 2020

No. Rek.	Nama Rekening	Neraca Saldo	
		Debit	Kredit
101	Kas	121.725.000	-
102	Piutang Usaha	15.000.000	-
103	Perlengkapan Kantor	15.000.000	-
104	Sewa Dibayar dimuka	6.750.000	-
201	Utang Usaha	-	-
203	Utang Bank	-	71.250.000
301	Modal Nn. Nadiya	-	22.500.000
401	Pendapatan Jasa	-	67.500.000
501	Beban Gaji	2.250.000	-
501	Beban Listrik, Air dan Telepon	525.000	-
		161.250.000	161.250.000

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5. Making Adjustment Journals and Posting to Ledger

At the end of the accounting period, many account balances can be reported without any changes in the financial statements. However, in accrual-based accounting some accounts in the general ledger require *adjustments*. Based on the information available in this case, the adjustment data is as follows:

1. Office equipment remaining at Rp. 6,750,000,-
2. Unpaid employee salary of Rp. 750,000
3. Rent for January has been taken as an expense from prepaid rent

Each adjusting journal paragraph is usually supported by an explanation. Based on the information above, the following is the adjusting journal paragraph at the Public Accounting Firm Nadiya and Partners.

Kantor Akuntan Publik Nadiya dan Rekan
Jurnal Penyesuaian

Hal. 1

Tanggal	Keterangan	Ref. Post.	Debit	Kredit
2020 Januari				
31	Beban Perlengkapan Kantor Perlengkapan Kantor (Mencatat perlengkapan kantor yang digunakan, Rp. 15.000.000 - Rp. 6.750.000)	503 103	8.250.000	8.250.000
31	Beban Gaji Hutang Gaji (Mencatat gaji yang masih harus dibayar)	501 202	750.000	750.000
31	Beban Sewa Sewa Dibayar Dimuka (Mencatat sewa yang terpakai, (Rp. 6750.000/36 bulan)	504 104	187.500	187.500

After making the adjusting journal paragraph, the accounts in this adjusting journal paragraph are then posted to the ~~ledg~~. The following is the ledger of accounts whose balances are adjusted. For accounts that are not adjusted, the balance remains the same as listed on the trial balance.

Kas 101					
Tanggal	Uraian	Ref. Post.	Debit	Kredit	Saldo
2020					
Jan, 1			22.500.000		22.500.000
				6.750.000	15.750.000
			7.500.000		23.250.000
12			75.000.000		98.250.000
13				15.000.000	83.250.000
14			18.000.000		101.250.000
16				2.250.000	99.000.000
20			12.000.000		111.000.000
23				3.750.000	107.250.000
25			7.500.000		114.750.000
28				525.000	114.225.000
30			7.500.000		121.725.000

Piutang Usaha 102					
Tanggal	Uraian	Ref. Post.	Debit	Kredit	Saldo
2021					
Jan, 5			15.000.000		15.000.000
14			12.000.000		27.000.000
20				12.000.000	15.000.000

Perlengkapan Kantor 103					
Tanggal	Uraian	Ref. Post.	Debit	Kredit	Saldo
2021					
Jan, 3			15.000.000		
31	Penyesuaian			8.250.000	6.750.000

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Sewa Dibayar Dimuka 104					
Tanggal	Uraian	Ref. Post.	Debit	Kredit	Saldo
2021					
Jan, 1			6.750.000		6.750.000
31	Penyesuaian			187.500	6.562.500

Utang Usaha 201					
Tanggal	Uraian	Ref. Post.	Debit	Kredit	Saldo
2021					
Jan, 3				15.000.000	15.000.000
13			15.000.000		-

Utang Gaji 202					
Tanggal	Uraian	Ref. Post.	Debit	Kredit	Saldo
2021					
Jan, 31	Penyesuaian			750.000	750.000

Utang bank 203					
Tanggal	Uraian	Ref. Post.	Debit	Kredit	Saldo
2021					
Jan, 12				75.000.000	75.000.000
23			3.750.000		71.250.000

Modal Nn. Nadiya 301					
Tanggal	Uraian	Ref. Post.	Debit	Kredit	Saldo
2021					
Jan, 1				22.500.000	22.500.000

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Pendapatan Jasa 401					
Tanggal	Uraian	Ref. Post.	Debit	Kredit	Saldo
2021					
Jan, 5				15.000.000	15.000.000
10				7.500.000	22.500.000
14				30.000.000	52.500.000
25				7.500.000	60.000.000
30				7.500.000	67.500.000

Beban Gaji 501					
Tanggal	Uraian	Ref. Post.	Debit	Kredit	Saldo
2021					
Jan, 16			2.250.000		2.250.000
31	Penyesuaian		750.000		3.000.000

Beban Listrik, Air dan Telepon 502					
Tanggal	Uraian	Ref. Post.	Debit	Kredit	Saldo
2021					
Jan, 28			150.000		150.000
			150.000		300.000
			225.000		525.000

Beban Perlengkapan 503					
Tanggal	Uraian	Ref. Post.	Debit	Kredit	Saldo
2021					
Jan, 31	Penyesuaian		8.250.000		8.250.000

Beban Sewa 504					
Tanggal	Uraian	Ref. Post.	Debit	Kredit	Saldo
2021					
Jan, 31	Penyesuaian		187.500		187.500

6. Balance Sheet After Adjustment

After all adjusting journal paragraphs have been posted, next make a trial balance after adjustment. The purpose of making a trial balance after adjustment is to check the equality of the debit and credit balances before we prepare the financial statements.

If the trial balance after adjustment is not equal, an error has occurred. However, as discussed in chapter 2, errors can arise even if the adjusted trial balance is equal. For example, the trial balance after adjustment will be the same if the adjusting journal entry is eliminated.

The following is presented the trial balance after adjustment of the Public Accounting Firm Nadiya and Partners as of January 31, 2020.

Kantor Akuntan Publik Nadiya dan Rekan
Neraca Saldo Setelah Penyesuaian
Per 31 Januari 2020

No. Rek.	Nama Rekening	NSSP	
		Debit	Kredit
101	Kas	121.725.000	-
102	Piutang Usaha	15.000.000	-
103	Perlengkapan Kantor	6.750.000	-
104	Sewa Dibayar dimuka	6.562.500	-
201	Utang Usaha	-	-
202	Utang Gaji	-	750.000
203	Utang Bank	-	71.250.000
301	Modal Nn. Nadiya	-	22.500.000
401	Pendapatan Jasa	-	67.500.000
501	Beban Gaji	3.000.000	-
502	Beban Listrik, Air dan Telepon	525.000	-
503	Beban Perlengkapan kantor	8.250.000	-
504	Beban Sewa	187.500	-
		162.000.000	162.000.000

Based on the balance sheet after adjustment, the next step can be to prepare financial statements. Sometimes to make financial statements many have difficulty when preparing financial statements, so a *work sheet* is provided in the form of a balance *sheet* (optional) in order to facilitate the preparation of financial statements.

The sequence of steps in preparing a balance sheet, outlined again as follows:

1. Prepare the trial balance before adjustment. In step 4, it can be seen that the total debit and credit balances are Rp. 161,250,000, - respectively.
2. Enter the adjusting journal data into the adjusting column in the working paper. In step 5, there are 3 adjusting journal entries.
3. Enter the adjusted balance into the post-adjustment trial balance column in the working paper.
4. Move each balance of each account in the trial balance column after adjustment to the financial statement column.
5. For each column (both the profit and loss column and the balance sheet column), the total debit balance and the total credit balance are calculated. On the balance sheet, it can be seen that the difference between the total debit balance and the total credit balance for the profit and loss column is the **same** as the difference between the debit balance and the total credit balance for the balance sheet column, which is Rp. 55,537,500, -, where the position for each difference is opposite between the profit and loss column and the balance sheet column. In this case the company earned a **profit of Rp. 55,537,600, -**, because the difference in balances is in the **profit/loss** column on the **debit side** and in the **company's statement of changes in financial position on the credit side**.

The following is presented the balance sheet of the Public Accounting Firm Nadiya and Partners.

Kantor Akuntan Publik Nadiya dan Rekan
Neraca Lajur
Untuk Bulan yang Berakhir 31 Januari 2020

No. Rek.	Nama Rekening	Neraca Saldo		Penyesuaian		NSSP		Laporan Laba Rugi		Laporan Posisi Keuangan	
		Debit	Kredit	Debit	Kredit	Debit	Kredit	Debit	Kredit	Debit	Kredit
101	Kas	121.725.000	-	-	121.725.000	-	-	-	-	121.725.000	-
102	Pinjaman Usaha	15.000.000	-	-	15.000.000	-	-	-	-	15.000.000	-
103	Perengkapan Kantor	15.000.000	-	8.250.000	6.750.000	-	-	-	-	6.750.000	-
104	Sewa Dibayar dimuka	6.750.000	-	187.500	6.562.500	-	-	-	-	6.562.500	-
201	Utang Usaha	-	71.250.000	-	-	-	71.250.000	-	-	-	71.250.000
301	Utang Bank	-	22.500.000	-	-	-	22.500.000	-	-	-	22.500.000
401	Modal Nt. Nadiya	-	67.500.000	-	-	-	67.500.000	-	67.500.000	-	-
501	Produkatan Jasa	2.250.000	-	750.000	-	3.000.000	-	3.000.000	-	-	-
502	Beban Listrik, Air dan Telepon	525.000	-	-	525.000	-	-	525.000	-	-	-
		161.750.000	161.250.000								
503	Beban Perengkapan kantor	-	8.250.000	8.250.000	-	-	-	8.250.000	-	-	-
504	Beban Sewa	-	187.500	187.500	-	-	-	187.500	-	-	-
202	Utang Gaji	-	750.000	-	750.000	-	-	750.000	-	-	750.000
				9.187.500	9.187.500	162.000.000	162.000.000	162.000.000	162.000.000	11.902.500	67.500.000
								55.537.500	67.500.000	150.037.500	94.500.000
	Laba									150.037.500	150.037.500

7. Prepare Financial Report

The most important deliverable in the accounting cycle is the financial statements. Profit and Loss statements are prepared first, followed by statements of changes in equity, then statements of financial position.

Financial statements can be prepared directly from the trial balance after adjustments. The net profit or loss shown in the income statement is presented in the statement of changes in owners' equity (If it is a profit, it will increase the balance of owners' capital, conversely, if it is a loss, it will reduce the balance of owners' capital), similarly, if there is a personal withdrawal (*prive*), it will reduce the balance of owners' capital. The ending balance of owners' capital is reported in the statement of financial position.

In the discussion of this case, the focus is on three components of the financial statements, namely: Income Statement, Statement of Changes in Equity and Statement of Financial Position. The financial statements of the Public Accounting Firm Nadiya and Partners are presented as follows:

Kantor Akuntan Publik Nadiya dan Rekan
Laporan Laba Rugi
Untuk Bulan yang Berakhir 31 Januari 2020

Pendapatan Jasa		67.500.000
Beban Gaji	3.000.000	
Beban Listrik, Air dan Telepon	525.000	
Beban Perlengkapan kantor	8.250.000	
Beban Sewa	187.500	
Jumlah Beban		11.962.500
Laba		55.537.500

Kantor Akuntan Publik Nadiya dan Rekan
Laporan Perubahan Ekuitas
Untuk Bulan yang Berakhir 31 Januari 2020

Modal Awal		22.500.000
Laba		55.537.500
Modal Akhir		78.037.500

Kantor Akuntan Publik Nadiya dan Rekan
Laporan Posisi Keuangan
Per 31 Januari 2020

Kas	121.725.000	Utang Gaji	750.000
Piutang Usaha	15.000.000	Utang Bank	71.250.000
Perlengkapan Kantor	6.750.000	Modal Nn. Nadiya	78.037.500
Sewa Dibayar dimuka	6.562.500		
Total Aset	150.037.500	Total Liabilitas dan Ekuitas	150.037.500

The Income Statement of the Public Accounting Firm Nadiya and Partners for the period January 2020 shows that the company earned a profit of Rp. 55,537,500, – The net profit shown in the income statement is presented in the statement of changes in owner's equity, in this case the company earns a profit, so it will increase the owner's capital balance. In this case there is no personal withdrawal (*prive*), so it does not reduce the balance of owner's capital. The ending balance of owner's capital is reported in the statement of financial position.

8. Create a Closing Journal Entry and Posting to Ledger

As explained in chapter 2, a closing journal entry is made at the end of the accounting period so that the accounts are ready to be used again in the next period.

- The first closing journal entry, moves the balance of the revenue account to the Profit and Loss Statement.
 - The second closing journal entry moves the balance of the expense account to the Profit and Loss Statement.
- The third closing journal entry moves the balance of the Profit and Loss statement to the Owner's Capital account. Finally, move all balances in the owner's prive account to the owner's capital account (if there are any personal takings). In this case there are no personal takings (*prives*).

Kantor Akuntan Publik Nadiya dan Rekan
Jurnal Penutup

Hal. 1

Tanggal	Keterangan	Ref. Post.	Debit	Kredit
2020 Januari				
31	Pendapatan Jasa	401	67.500.000	
	Ikhtisar Laba Rugi	601		67.500.000
	(Menutup akun pendapatan ke Ikhtisar Laba Rugi)			
31	Ikhtisar Laba Rugi	601	11.962.500	
	Beban Gaji	501		3.000.000
	Beban Listrik, Air dan Telepon	502		525.000
	Beban Perlengkapan kantor	503		8.250.000
	Beban Sewa	504		187.500
	(Menutup akun beban ke Ikhtisar Laba Rugi)			
31	Ikhtisar Laba Rugi Modal	601 301	55.537.500	55.537.500
	(Menutup Ikhtisar Laba Rugi ke akun Modal)			

After making a closing journal paragraph, the accounts in this closing journal paragraph are then posted to the ledger. The following is the ledger of accounts after the closing journal.

Kas						101
Tanggal	Uraian	Ref. Post.	Debit	Kredit	Saldo	
2020 Jan, 1			22.500.000		22.500.000	
				6.750.000	15.750.000	
			7.500.000		23.250.000	
12			75.000.000		98.250.000	
13				15.000.000	83.250.000	
14			18.000.000		101.250.000	
16				2.250.000	99.000.000	
20			12.000.000		111.000.000	
23				3.750.000	107.250.000	
25			7.500.000		114.750.000	
28				525.000	114.225.000	
30			7.500.000		121.725.000	

Piutang Usaha						102
Tanggal	Uraian	Ref. Post.	Debit	Kredit	Saldo	
2021 Jan, 5			15.000.000		15.000.000	
14			12.000.000		27.000.000	
20				12.000.000	15.000.000	

Perlengkapan Kantor						103
Tanggal	Uraian	Ref. Post.	Debit	Kredit	Saldo	
2021 Jan, 3			15.000.000			
31	Penyesuaian			8.250.000	6.750.000	

Sewa Dibayar Dimuka 104					
Tanggal	Uraian	Ref. Post.	Debit	Kredit	Saldo
2021 Jan, 1			6.750.000		6.750.000
31	Penyesuaian			187.500	6.562.500
Utang Usaha 201					
Tanggal	Uraian	Ref. Post.	Debit	Kredit	Saldo
2021 Jan, 3				15.000.000	15.000.000
13			15.000.000		-
Utang Gaji 202					
Tanggal	Uraian	Ref. Post.	Debit	Kredit	Saldo
2021 Jan, 31	Penyesuaian			750.000	750.000
Utang bank 203					
Tanggal	Uraian	Ref. Post.	Debit	Kredit	Saldo
2021 Jan, 12				75.000.000	75.000.000
23			3.750.000		71.250.000
Modal Nn. Nadiya 301					
Tanggal	Uraian	Ref. Post.	Debit	Kredit	Saldo
2021 Jan, 1				22.500.000	22.500.000
31	Penutupan			55.537.500	78.037.500

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Pendapatan Jasa 401					
Tanggal	Uraian	Ref. Post.	Debit	Kredit	Saldo
2021 Jan, 5				15.000.000	15.000.000
10				7.500.000	22.500.000
14				30.000.000	52.500.000
25				7.500.000	60.000.000
30				7.500.000	67.500.000
31	Penutupan		67.500.000		-
Beban Gaji 501					
Tanggal	Uraian	Ref. Post.	Debit	Kredit	Saldo
2021 Jan, 16			2.250.000		2.250.000
31	Penyesuaian		750.000		3.000.000
31	Penutupan			3.000.000	-
Beban Listrik, Air dan Telepon 502					
Tanggal	Uraian	Ref. Post.	Debit	Kredit	Saldo
2021 Jan, 28			150.000		150.000
			150.000		300.000
			225.000		525.000
31	Penutupan			525.000	-
Beban Perlengkapan 503					
Tanggal	Uraian	Ref. Post.	Debit	Kredit	Saldo
2021 Jan, 31	Penyesuaian		8.250.000		8.250.000
31	Penutupan			8.250.000	-

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Beban Sewa 504

Tanggal	Uraian	Ref. Post.	Debit	Kredit	Saldo
2021 Jan, 31	Penyesuaian		187.500		187.500
31	Penutupan			187.500	-

Ikhtisar Laba Rugi 303

Tanggal	Uraian	Ref. Post.	Debit	Kredit	Saldo
2021 Jan, 31	Penutupan			67.500.000	67.500.000
	Penutupan		11.962.500		55.537.500
	Penutupan		55.537.500		-

9. Prepare Balance Sheet After Closing

The final step in the accounting cycle is to prepare the post-closing trial balance. The purpose of this post-closing trial balance is to ensure that the ledger is in order at the beginning of the next period. All accounts and balances in the post-closing trial balance must match the accounts and balances in the balance sheet at the end of the period.

The following is presented the balance sheet after the closing of the Public Accounting firm Nadiya and Partners as of January 31, 2020.

Kantor Akuntan Publik Nadiya dan Rekan
Neraca Saldo Setelah Penutup
Per 31 Januari 2020

No. Rek.	Nama Rekening	Neraca Saldo Setelah Penutup	
		Debit	Kredit
101	Kas	121.725.000	-
102	Piutang Usaha	15.000.000	-
103	Perlenglanan Kantor	6.750.000	-
104	Sewa Dibayar dimuka	6.562.500	-
202	Utang Gaji	-	750.000
203	Utang Bank	-	71.250.000
301	Modal Nn. Nadiya	-	78.037.500
		150.037.500	150.037.500

10. Creating a Reverse Journal

In accounting, the creation of a reversing journal entry is **optional**. This reversing journal entry will usually be made at the beginning of each period by reversing the adjusting journal entry that was made at the end of the previous accounting period, giving rise to a new *real* estimate.

As explained in chapter 2, not all adjustment journal fathers are reversed. The adjustment journals that need to be reversed in this case are:

1. Prepaid Expenses, in this case prepaid rent, and
2. Accrued Expenses, in this case salaries payable.

**Kantor Akuntan Publik Nadiya dan Rekan
Jurnal Pembalik**

Hal. 1

Tanggal	Keterangan	Ref. Post.	Debit	Kredit
2020 Pebruari				
1	Sewa Dibayar Dimuka	104	187.500	
	Beban Sewa	504		187.500
1	Utang Gaji	202	750.000	
	Beban Gaji	501		750.000

After performing the reversing journal and *posting* to the ledger, it will be easier to record at the beginning of the new accounting period transactions, especially those that will be directly related to certain adjusting journal paragraphs.

This is the practice of accounting in service companies. The next stage is to continue recording in the next accounting period, in accordance with the accounting cycle starting from the identification and analysis of transactions to the preparation of the balance sheet after closing, as well as the creation of a reversing journal (optional).

CHAPTER 3 PRACTICE EXERCISE

Medina, an architect, opened the *Medina Architect Bureau Office* on June 1, 2020. During the month of June 2020, *Medina Architect Bureau Office* made the following transactions:

Tanggal	Transaksi-transaksi
2020 Juni	Perusahaan menerima aset-aset berikut dari Nn.Medina : - Kas, Rp 153.600.000,-; - Piutang usaha, Rp 18.000.000,-; - Bahan habis pakai, Rp 8.400.000,-
1	
2	Perusahaan membayar sewa ruangan sebagai tempat kantor untuk tiga bulan sebesar Rp 28.800.000,-
2	Perusahaan memasang iklan di harian ibukota sebesar Rp 750.000,- dibayar tunai.
3	Perusahaan menerima kas dari klien sebagai pembayaran di muka untuk jasa yang akan disediakan dan dicatat sebagai pendapatan diterima di muka Rp 30.000.000,-
4	Perusahaan membayar premi asuransi kerugian dan kebakaran untuk property Rp 10.800.000,-
5	Perusahaan membeli peralatan kantor secara kredit dari CV. Sukses sebesar Rp. 75.000.000,-
8	Perusahaan menerima kas dari klien atas pelunasan piutang usaha Rp 10.800.000,-
9	Perusahaan membayar tunai atas pembelian bahan habis pakai Rp 4.950.000,-
14	Perusahaan mencatat jasa yang diberikan secara kredit sebesar Rp 25.200.000,-

Continued June 2020 Transactions

Tanggal		Transaksi-transaksi
Juni	14	Perusahaan membayar gaji dua mingguan resepsionis paruh waktu Rp 4.500.000,-
	15	Perusahaan membayar CV. Sukses sebagian dari utang pembelian tanggal 5 Juni sebesar Rp 45.000.000,-
	17	Perusahaan menerima kas dari klien atas jasa yang diberikan sebesar Rp 37.500.000,-
	20	Perusahaan mencatat pendapatan jasa yang masih terutang sebesar Rp 12.600.000,-
	24	Perusahaan menerima kas dari klien atas jasa yang diberikan sebesar Rp 23.100.000,-
	26	Perusahaan menerima kas dari klien atas pelunasan piutang usaha Rp 33.600.000,-
	26	Perusahaan membeli tambahan peralatan kantor secara tunai Rp 12.000.000,-
	27	Perusahaan membayar gaji dua mingguan resepsionis paruh waktu Rp 4.500.000,-
	29	Perusahaan membayar tagihan telepon sebesar Rp 780.000,- dan tagihan listrik sebesar Rp. 1.200.000,- untuk bulan Juni.
	30	Perusahaan menerima kas dari klien atas jasa yang diberikan sebesar Rp 18.300.000,-
	30	Perusahaan mencatat pendapatan jasa yang masih terutang untuk sisa bulan Juni Rp 9.000.000,-
	30	Nn. Medina melakukan penarikan tunai sebesar Rp 34.500.000,- untuk keperluan pribadi.

The following is the composition and ledger account code that applies to the *Medina Architect Bureau Office*.

1-000 Assets

- 1-100 Cash
- 1-200 Accounts Receivable
- 1-300 Consumables
- 1-400 Prepaid Rent
- 1-500 Prepaid Insurance 1-600 Office equipment
- 1-700 Accumulated Depreciation

2-000 Liabilities

- 2-100 Accounts Payable
- 2-200 Salary Payable
- 2-300 Income Received in Advance

3-000 Equity

- 3-100 Capital Mr. Setiawan Mr. Setiawan 3-200 Prive Mr. Mr. Setiawan 3-300 Profit and Loss Statement

4-000 Revenue

- 4-100 Service Revenue

5-000 Load

- 5-100 Salary Expenses
- 5-200 Rental Expenses
- 5-300 Consumables Expense
- 5-400 Depreciation Expense
- 5-500 Insurance Expenses
- 5-900 Other expenses

Data for Adjustment

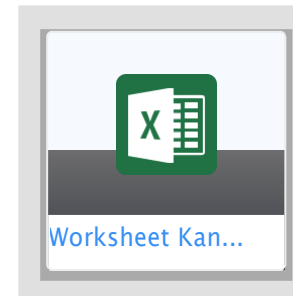
The data for the adjustment of *Medina Architects Bureau Office* as of the financial reporting date in June 2020 are as follows:

1. Receptionist salary payable on June 30, Rp 720,000.
2. The remaining consumables as of June 30 are Rp 8,100,000.
3. Prepaid rent as of June 30, Rp. 19,200,000,-
4. The insurance that has been used during June is Rp 1,800,000.
5. Revenue received in advance on June 30 is Rp 15,000,000,
6. Depreciation of office equipment for the month of June is Rp 1,980,000.

Instructions

To facilitate the practical exercise, a work paper format (in the form of an excel file) is prepared in this practical exercise. The following are the details of the tasks for this practical exercise:

1. Study all transaction evidence for the period June 1 – 30, 2020.
2. Record daily transactions during June 2020 into a general journal.
3. Posting transactions to the ledger.
4. Make a trial balance before adjustment.
5. Create an adjusting Journal and post it to the general ledger.
6. Prepare a trial balance after adjustment and prepare financial statements using a balance sheet.
7. Prepare financial reports which include: Income Statement, Statement of Changes in Equity and Balance Sheet.
8. Create a closing journal and post it to the general ledger.
9. Prepare a closing balance sheet as of June 30, 2020.
10. Make the necessary journal entries as of July 1, 2020.



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Emillia Nurdin, Accounting lecturer at the Faculty of Economics and Business, Halu Oleo University (UHO). **S1 education**, graduated in 1999 at the UHO Accounting Study Program, **S2 education**, graduated in 2006 at the Department of Economic Sciences Major Field of Study Accounting Padjadjaran University, and **S3 education**, graduated in 2016 in the field of Economics Accounting Concentration Hasanuddin University. In 2021, obtained professional certificates: *Certified Tax Technician (CTT)*, and *Certified Risk Associate (CRA)*.

The author has also created a multimodal e-book on VEA 2 with the title: Direct Practice of Simple and Multiple Regression with SPSS for Accounting Research, Link: [Book Creator – Direct Practice of Simple and Multiple Regression with SPSS for Accounting Research](#).

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This book is based on the author's experience as a lecturer in introductory accounting and financial accounting courses, where many students have difficulty in preparing financial statements. The author tries to present this book as easily as possible for readers to understand, so that it is possible to directly practice Service Company Accounting. Therefore, the author hopes that this book can be useful for readers in making financial statements, especially in service companies. Chapter 1 of this book presents a glimpse of accounting. In chapter 2 the accounting cycle, and chapter 3 presents the practice of accounting for service companies.



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