

## THE ROLE OF ADJUSTMENT JOURNALS IN PRESENTING FINANCIAL STATEMENTS

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**Abstract:** *Research This aim For study in a way comprehensive role journal adjustment in increase quality presentation report finance , in particular report profit loss , balance sheet , and reports change equity . The research method used is method descriptive qualitative with approach studies literature , namely analyze book text accounting , standards accountancy finance , as well as journals relevant scientific research results . show that journal adjustment own a very important role in implementation principle accrual , principle matching principle, and the principle fairness presentation report finance . Through journal adjustments , income and expenses can recognized in the appropriate period , so that profit or resulting losses reflect performance the real company . In addition , the journal adjustments also contribute in presentation position accurate finances with display mark appropriate assets , liabilities , and equity with condition real company. With Thus, the implementation journal precise and consistent adjustments can increase relevance, reliability, and comparability of reports finance as base taking decision economy.*

**Keywords:** *Adjusting Entries, Financial Statements, And Matching Principle*

### Introduction

In cycle accounting , journal adjustment own a very important role Because ensure that report finance reflect condition finance the actual company at the end period . Journal adjustment is recording that is done For adapt accounts that have not been in accordance with condition real at the end period , good Because There is transactions that have not been completed noted and Because existence difference time confession income and expenses .

One of reason main journal adjustment needed is Because method accounting used part big company is accountancy accrual . In the method this , income and expenses recognized at the time happened , not when cash is received or paid . Therefore that , often there is unearned income noted although Already earned ( still income must accepted ), or the burden that has been happen But Not yet paid ( the burden that is still must paid ). Without adjustment this report profit loss and balance sheet company Can become No accurate .

Types journal adjustment includes : load prepaid , income received in advance , the burden is still must paid , still income must accepted , and depreciation assets fixed . For

example , a company that pays rent annually at the beginning year need do adjustment every month so that only part rent that has been used only those noted as burden .

This process also has an impact big to compilation report finance , because without journal adjustments , data used No will reflect condition economy company in a way accurate . That's it Why journal adjustment generally done before compilation balance sheet balance after adjustment (adjusted trial balance), which becomes base compilation report finance end period .

According to Nataherwin (2025) journal adjustment is part important in cycle accountancy company trade , because functioning For take notes transactions that have not been completed fully reflected in balance account , so that report finance reflect actual conditions . Understanding about journal adjustment need introduced since early For equip student with base strong , good accounting For needs academic and the world of work .

Journal entry adjustment is notes accounting made at the end of the year period For adapt balance account certain to suit with condition real . Adjustment done Because existence transactions that occur but Not yet noted , or transactions that have been noted However the amount Not yet right . Journal adjustment is journal created when the balance shown on the balance sheet there is change balance on the account and must done adjustments to reflect the actual situation , so that the report finance company at the end period Already in accordance with regulation accounting . The main objective Journal This made is For adapt balance on the balance sheet balance before adjustment so that balance reflect the actual numbers . Journal adjustment is paragraph journals that are usually made at the end something period accountancy For correcting accounts certain so that reflect condition actual assets , liabilities , income , expenses and capital . ( Suci Rahmadani, 2025)

## Literature Review

### Understanding Journal Adjustment in Accountancy

Stages in the accounting process among others: (1) Carrying out recording transaction to journal ; (2) Journal entry posted or moved to book big ; (3) For make balance sheet balance used For compile report finance , the data must customized through manufacturing journal adjustments to ensure profit clean business . In accounting , the process of recording and identifying changes that have not been made documented or Not yet recorded in a way complete throughout something period reporting finance known with term journal adjustments . Report finance can in a way accurate describe situation finance actually at the end period accountancy is objective main from journal adjustments . For comply principle applicable accounting , this process need adjustment revenue , expenses , and assets that have not been reported or what is necessary corrected .( Yenny Wati, SE, M.Ak. , ACPA., 2024)

Journal adjustment is something journal accountancy For adapt accounts income and expenses accrual , so that the report presented fulfil draft periodicity and principles *matching costs against revenue* . Journal adjustment usually done at the end period . ( Joko Nugroho, 2024)

### Journal Adjustment : The Importance in Accountancy

According to ( Wisnu Arto Subari , 2025) journal adjustment own vital role in produce report reliable and informative financial information . Without proper adjustments , reports finance can give misleading image about performance and position finance company . The following is a number of reason main Why journal adjustment is very important :

- 1. Ensure Compliance to Principle Generally Accepted Accounting Principles ( GAAP):** GAAP requires company For confess revenues and expenses in the proper period , regardless of from when cash is received or paid . Journal adjustment help

company comply principle This with ensure that income and expenses recognized in the appropriate period .

2. **Reflect Condition Real Finance** : Lots of transactions business that is happening in a way sustainable and not always recorded in a way automatic . For example , depreciation asset fixed , unearned income accepted , or unpaid load paid . Journal adjustment allows company For take notes transactions this and reflects condition real finances .
3. **Increase Accuracy of Financial Reports**: With adapt balance unactivated account accurate , journal adjustment increase accuracy report finance . This is important for stakeholders interests , such as investors, creditors , and management , who rely on report finance For make the right decision .
4. **Facilitating Proper Decision Making** : Report accurate and reliable finances give strong foundation for taking the right decision . Management can use information This For planning business strategies , managing source power , and evaluate performance companies . Investors and creditors can use report finance For evaluate risks and potential investment .
5. **Avoiding Mistakes and Fraud** : Journal adjustment help prevent errors and fraud with ensure that all transaction recorded and reported with true . The adjustment process can also reveal potential problem or irregularities in system accountancy .

According to ( Alyssa Citra Dewi Mulyadi, 2025) in cycle accounting , journal adjustment own a very important role Because ensure that report finance reflect condition finance the actual company at the end period . Journal adjustment is recording that is done For adapt accounts that have not been in accordance with condition real at the end period , good Because There is transactions that have not been completed noted and Because existence difference time confession income and expenses .

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## Method

### Financial Statement Theory

Report theory finance rooted in the concept of decision usefulness, which places report finance as means main provision information for taking decision economy by stakeholders interests . Framework conceptual reporting finance emphasize that information finance must own characteristics qualitative main in the form of relevance and faithful representation , as well as characteristics supporters like can compared , can verified , accurate time , and can understood . In the context this journal adjustment own fundamental role because functioning bridge difference between transaction cash and principle based accrual , so that ensure that income and

expenses recognized in the appropriate period . Without journal adjustments , reports finance risky serve biased, misleading and incorrect information reflect condition economy entity in a way Actually .

Report finance is notes information finance something company in a period accounting that can used For describe performance company said . Report finance in essence is results from the accounting process that can used as tool For communicating financial data or activity company to interested parties . Specific objectives report finance is serve in a way reasonable and appropriate with principle applicable accounting general about position finance , results business and other changes in position finance . In the purpose report finance said , implied that accountancy produce information that can used For taking decisions by users report finance (Sarbullah, 2023).

Quality report finance own implications direct to taking decision rational economy , while practice management profit often reduce its uses . Research This aim study in a way systematic role report finance in taking decision economy , with highlight factors that influence its effectiveness , namely quality reporting , practice management profit , governance companies , auditor independence , and enforcement regulation .( Siti Khaerryah, 2025)

#### **Findings Global Research on Report Finance**

Study international in a way consistent show that quality report finance is greatly influenced by the implementation of principle accountancy based accrual and accuracy journal adjustment . Studies in developed countries find that entity with system strong adjustment tend produce report more finances reliable , have higher level of earnings quality high , and more low in practice management profit . The study also revealed that journal adjustment functioning as mechanism important internal controls , especially in correcting error recording beginning , recognition premature income , and delays confession burden .

#### **Practice Report Finance in Indonesia**

Study about report finance in Indonesia shows similar dynamics with developing countries others , however with complexity distinctive institutional . A number of studies reveal that implementation standard accountancy finance Not yet fully accompanied with practice journal adequate adjustments , both in the sector private and sector public . In various case , journal adjustment used in a way selective For fulfil formal compliance , not For reflect substance economy transaction . Conditions This cause report finance often No fully reflect position finance and performance entity in a way reasonable .

#### **Network Practice Report Finance in Indonesia**

More further , research in Indonesia is starting identify existence network practice report finances involving management , internal accountants , auditors, and regulators. In a number of case reporting finance problematic , journal adjustment become point crucial that connects interest various actor said . Journal adjustment can functioning as instrument technical For increase quality reporting , but also has the potential become tool legitimacy practice manipulative when supervision weak . Network This show that report finance No only is product system accounting , but also results interaction social and institutional inter-factors that have interest different .

#### **Research Gap**

Although literature about quality report finance and journals adjustment Enough developing , still there is gap significant research . Most of the studies positioning journal adjustment as procedure accounting in nature technical and mechanical , without study in a way deep his role in form quality report finance in a way holistic . In addition , research in Indonesia is still tend focus on compliance to standard accountancy or audit impact , while role journal

adjustment as mechanism key in presentation report reliable finance Not yet Lots explored in a way empirical and conceptual .

### **Research Novelty**

Study This offer novelty with put journal adjustment as center analysis in studies report finance . Different from study previously , studies This No only evaluate existence journal adjustment , but also analysis How journal adjustment play a role in form quality , transparency , and reliability report finance . Novelty research lies in the approach integrative that views journal adjustment as mechanism technical at a time institutional , which is influenced by competence accountant , system internal control , and governance environment .

### **Financial Reports in Study Qualitative**

Study This use approach qualitative For understand in a way deep role journal adjustment in presentation report financial approach qualitative chosen Because report finance No only is product technical accounting , but also results from the interpretive process involving consideration professionals , internal policies , and context institutional organization . Through study qualitative study This make an effort dig How journal adjustment understood , applied , and interpreted by the compilers report finance in practice real . Approach This allows exploration to dynamics , rationality , and challenges that are not can fully explained through quantitative data , especially in explain How journal adjustment contribute to quality and reliability report finance .

### **Results and Discussion**

Discussion This aim For interpret findings study with relate it to theory report finance and results study previously , both in context international and Indonesia. Focus main discussion is role journal adjustment in presentation report finance , factors that influence its implementation , as well as the implications to quality and accountability report finance .

Accountancy has develop become more fields wide than just take notes transaction finance but now also profession accountancy Can become advisor businesses that play a role in planning , controlling , and managing source Power finance companies and professions accountancy must comply standards and codes applicable ethics based on SAK . Documents containing information finance something the period in which there is balance sheet , profit loss , report cash flow , and relevant notes also called a report finance ( Syanti Dewi, 2024). Findings research that places journal adjustment as mechanism key in realize report representative finance in line with framework conceptual reporting finance that emphasizes the principle of faithful representation and accrual basis.

About influence competence source Power man to quality journal adjustment support study previous ones that emphasize role professionalism accountant in reporting financial . According to (Mohammad Daud Rosyid, 2024) the report finance arranged own objective For provide information finance about something companies in the periods certain things that will used by interested parties as consideration in manufacturing decisions economy , so that can it is also known that report finances created Already Certain own objective specific , purpose report finance namely : giving information about position finance performance financial and cash flow of the entity that is beneficial for part big circles users report in manufacturing decision economy

Role of the system internal control in form practice journal adjustment in line with literature that places internal control as foundation accountability finance . Research previously show that organization with strong internal controls tend produce report more finances reliable and consistent. According to (Rijal Fahmi Mohamadi, 2025) the journal was created at the end of period accountancy For compare recorded amount whether Already The same with period the same confession . So if at the end period accountancy there is transactions that have not been

completed noted , wrong, or need customized so will noted in journal adjustments . With so , note assets and liabilities can customized between mark income Actually with expenditure .

In a way overall , discussion results study This show that findings study part big support literature previously about importance journal adjustment in reporting finance , but also offers perspective contrast with highlight dimensions social and institutional from practice said . Research This shift focus from just compliance to standard going to greater understanding holistic about How journal adjustment executed in context real . With Thus , the results study This enrich discourse academic about report finance with put journal adjustment as mechanism technical at a time social determinants quality and credibility information finance .

### Conclusion

Study This conclude that journal adjustment own role central in presentation report reliable and quality financial findings study show that journal adjustment functioning as mechanism main in realize principle accrual and faithful representation , with ensure confession revenue and expenses in the proper period as well as correct on recording beginning transactions . Implementation journal adjustment influenced by competence source Power human , system internal control , and pressure institutional framework that encompasses the reporting process finance . In addition , research This find that journal adjustment No stand Alone as procedure technical , but rather operate in something network practice report finances involving various actor , so that quality report finance is very much determined by dynamics interactions between actors said . With So , the question is study about role , factor determinants and implications journal adjustment to quality report finance can answered in a way comprehensive .

Based on findings said , research This give a number of contribution important . In theoretical , research This enrich literature report finance with put journal adjustment as focus analysis main , not just part technical from cycle accounting . Research this also expands understanding about report finance with integrate perspective technical and institutional , so that show that quality reporting finance is results from social and organizational processes . In general practical , findings study give implications for organizations and makers policy For strengthen competence accountant , improve system internal control , as well as create supportive governance environment implementation journal adjustment in a way substantive and not just formality compliance .

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