

THE ROLE OF THE WORKSHEET SHEET IN IMPROVING THE ACCURACY OF FINANCIAL REPORT PREPARATION

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Abstract: *This study aims to examine the role of the trial worksheet in improving the accuracy of financial reporting. The method used is descriptive qualitative with a literature study approach of accounting textbooks, financial accounting standards, and relevant national and international journal articles. The results of the study indicate that the trial worksheet functions as an initial verification tool that ensures the worksheet of debits and credits, the accuracy of recording adjustments, and the consistency of account groupings before the financial statements are formally prepared. In addition to improving the efficiency of financial reporting preparation, the trial worksheet also serves as a preventive internal control mechanism. From the perspective of Decision Usefulness Theory, the use of the trial worksheet supports the presentation of relevant and representative financial information, thereby increasing the usefulness of financial statements for economic and policy decision-making. This study confirms that the trial worksheet has a strategic role in improving the quality and accuracy of financial statements.*

Keywords: *Worksheet Financial Statements, Accounting Cycle, Accuracy*

Introduction

The quality of financial reports is a fundamental aspect of economic decision-making by various stakeholders, including management, investors, creditors, and regulators. Accurate, reliable, and relevant financial reports objectively reflect an entity's financial condition and performance, thereby enhancing organizational transparency and accountability (IASB, 2018). However, in accounting practice, the process of preparing financial reports often faces challenges in the form of recording errors, account imworksheet, and errors in transaction classification, which can ultimately reduce the accuracy of financial reports (Kieso et al., 2020). Therefore, control mechanisms and accounting tools are needed to minimize errors and ensure the consistency of financial data before the final report is presented.

One of the important instruments in the accounting cycle that plays a role in ensuring the accuracy of financial reports is the worksheet. The worksheet is an accounting tool used to summarize account worksheet, adjustments, and account groupings into the income statement and worksheet sheet before the financial statements are formally prepared (Weygandt et al., 2019). The worksheet allows accountants to verify debit and credit worksheet, identify recording errors, and ensure that all adjustments have been systematically recorded. Thus, the worksheet serves as a critical step in the process of preparing financial reports, which is oriented towards the accuracy and reliability of accounting information.

Although the worksheet is not included in the formal published financial statements, its role in improving the quality of financial reporting cannot be ignored. Previous research has shown that the use of structured accounting tools, including the worksheet, positively contributes to the

accuracy of financial statement presentation and reduces material errors (Al-Hiyari et al., 2013; Romney & Steinbart, 2021). In the organizational context, particularly for small and medium-sized entities, the worksheet helps simplify complex accounting processes and enhances internal users' understanding of the financial statement preparation process. However, empirical studies specifically analyzing the role of the worksheet in the accuracy of financial statement preparation are still relatively limited, particularly in practice-oriented accounting literature.

Based on this background, this article aims to conceptually and empirically examine the role of the trial worksheet in improving the accuracy of financial reporting. This study is expected to provide theoretical contributions by enriching the literature on the function of the trial worksheet in the accounting cycle, as well as practical contributions for accounting practitioners and organizations in optimizing the financial reporting process. By emphasizing the importance of the trial worksheet as an internal control tool, this research is relevant to efforts to improve the quality of financial reports in line with accounting standards and good corporate governance principles.

Literature Review

Decision Usefulness Theory asserts that financial statements are prepared not merely to fulfill administrative obligations, but rather to provide useful information for economic and policy decision-making by stakeholders (Staubus, 2000). Useful financial information must possess key qualitative characteristics, namely relevance and faithful representation, which include accuracy, completeness, and freedom from material error (IASB, 2018). In the context of the public sector and financial governance, this theory is crucial because policy decisions, budget allocations, and public oversight are highly dependent on the quality of the accounting information presented. The trial worksheet, as a tool in the accounting cycle, plays a role in ensuring that the financial data used as the basis for decisions has undergone a systematic verification and adjustment process.

A worksheet is an accounting tool used at the final stage of the accounting cycle to organize, group, and adjust account worksheet before preparing formal financial statements. Kieso, Weygandt, and Warfield (2020) define a worksheet as a working paper that assists accountants in organizing account worksheet and preparing adjusting entries prior to the preparation of financial statements. This definition emphasizes the worksheet's function as an internal work tool that helps ensure that all adjustments have been systematically considered before the financial statements are presented.

Weygandt, Kimmel, and Kieso (2019) state that a worksheet is a multi-column form used to summarize the effects of transactions and adjustments on financial statements. This view emphasizes the worksheet's role in summarizing the impact of transactions and adjusting entries on the income statement and worksheet sheet, thereby minimizing the risk of misclassification and misrepresentation of accounts.

Meanwhile, Horngren et al. (2018) define the worksheet as an informal tool used by accountants to facilitate the preparation of accurate and complete financial statements. This definition highlights the worksheet's role as an informal yet crucial tool in ensuring the accuracy and completeness of financial information reported to external users.

Based on the definitions above, it can be concluded that the worksheet is an internal technical mechanism that functions as a quality control tool in the process of preparing financial statements. The worksheet is not intended as part of the published financial statements, but rather as a verification instrument that ensures that account worksheet have been correctly adjusted, classified, and summarized. Thus, the worksheet plays a crucial role in improving the accuracy, completeness, and reliability of financial information. From the perspective of Decision

Usefulness Theory, this function is crucial because the quality of economic decisions and policies is highly dependent on the quality of the accounting process underlying the presentation of financial statements. The worksheet, therefore, can be understood as a technical foundation that bridges the accounting process with the provision of financial information that is useful for rational and accountable decision-making.

Empirical research shows that the quality of financial information directly impacts the quality of decision-making. Beest et al. (2009) found that accurate and reliable financial reports enhance users' ability to evaluate organizational performance and risk. In the public sector, highly accurate financial reports contribute to increased transparency and public trust in government institutions (Van Beest & Braam, 2012). These findings reinforce the Decision Usefulness Theory's view that technical errors in financial reporting can lead to suboptimal decisions and even potentially open up opportunities for manipulation and irregularities.

Numerous accounting studies emphasize that the accuracy of financial reports is largely determined by the quality of the report preparation process. Kieso et al. (2020) state that the use of structured work steps, including worksheets or trial worksheet, can reduce errors in recording and classifying accounts. Weygandt et al. (2019) also emphasize that trial worksheet help ensure that end-of-period adjustments are correctly recorded before the financial statements are presented. This process increases the reliability of financial information, ultimately enhancing its usefulness for decision-making.

In the context of the public sector and non-profit organizations, the systematic use of accounting tools has been shown to improve the quality of financial reports. Research by Susanto and Djajadikerta (2017) shows that the accuracy of local government financial reports increases when accounting procedures are carried out in a disciplined and structured manner. Another study by Chan (2003) emphasizes that the quality of public accounting information plays a crucial role in supporting policy accountability and legislative oversight. The worksheet, in this context, serves as a technical mechanism that bridges the accounting process with policy information needs.

Although Decision Usefulness Theory has been widely used to explain financial reporting quality and decision-making, most research focuses on macro-level financial reporting outputs, such as value relevance and timeliness. Research specifically examining the role of technical accounting steps—such as the trial worksheet—in enhancing the usefulness of financial information remains very limited. Furthermore, studies linking the trial worksheet to the context of public governance and corruption prevention are virtually non-existent in the international literature, leaving a significant research gap.

The novelty of this research lies in the integration of Decision Usefulness Theory with an analysis of the role of the trial worksheet as a technical mechanism for ensuring the quality of financial information. This study not only positions the accuracy of financial reports as an accounting objective but also as a prerequisite for clean and accountable policy decision-making. Thus, this research expands the scope of Decision Usefulness Theory into the realm of public governance and corruption prevention, a perspective rarely explored in the literature.

Based on previous theory and findings, this research framework positions the trial worksheet as a process variable that influences the accuracy of financial statement preparation. This accuracy, in turn, determines the usefulness of financial information for managerial decision-making and public policy. Based on Decision Usefulness Theory, this research assumes that the more effective the trial worksheet is used, the higher the quality of the resulting financial information, thus reducing the likelihood of decision-making errors and irregularities in financial management.

Method

This research employed a qualitative descriptive method with a literature review approach. Data were collected from accounting textbooks, financial accounting standards, and relevant journal articles discussing the trial worksheet and the accuracy of financial reporting. The data were analyzed by comparing expert opinions and synthesizing key findings related to the role of the trial worksheet in improving the accuracy of financial reporting.

Results and Discussion

Based on a literature review of accounting textbooks, financial accounting standards, and national and international journal articles, this study found that the trial worksheet plays a crucial role in improving the accuracy of financial statement preparation. The trial worksheet serves as an initial verification tool to ensure the worksheet of debits and credits, while maintaining the consistency of financial data before the financial statements are formally prepared. Presenting account worksheet and adjusting journal entries in a single, integrated format helps minimize recording errors that could potentially impact the reliability of financial statements.

Weygandt, Kimmel, and Kieso (2019) emphasized that the primary characteristic of a worksheet is the presentation of account worksheet, adjusting entries, and the grouping of accounts into columns within the income statement and worksheet sheet in a single, integrated format. This characteristic allows accountants to directly track the impact of each adjustment on the financial statements. Thus, presenting information in a worksheet helps minimize account classification errors that could potentially impact the reliability and accuracy of financial statements.

Furthermore, Horngren et al. (2018) stated that the trial worksheet improves efficiency and consistency in the financial reporting process because it allows for cross-checking between pre- and post-adjustment worksheet. By systematically grouping accounts into income statement and worksheet sheet columns, accountants can prepare financial statements more quickly and accurately. This finding aligns with internal control theory, which emphasizes the importance of preventive control mechanisms to improve the reliability of financial reporting.

Furthermore, the trial worksheet improves efficiency and consistency in financial reporting. By grouping accounts directly into columns on the income statement and worksheet sheet, accountants can prepare financial statements more quickly and accurately. This finding aligns with internal control theory, which emphasizes the importance of preventative mechanisms to enhance the reliability of financial reporting.

The accuracy of financial reports produced through the use of a worksheet has direct implications for the usefulness of financial information for decision-making and financial accountability. Van Beest et al. (2009) stated that accurate financial reports free from material errors enhance users' ability to evaluate organizational performance and risks. From a Decision Usefulness Theory perspective, a worksheet supports the presentation of relevant information and faithfully represents financial conditions, thereby improving the quality of economic decisions and policies.

The role of the worksheet in the public sector is increasingly important because the accuracy of financial reports directly correlates with the transparency and accountability of state financial management. According to Chan (2003), the quality of public accounting information is crucial for policy oversight and legislative decision-making. The worksheet serves as a technical mechanism that supports good financial governance, reducing the likelihood of administrative errors and financial irregularities.

Conclusion

This study concludes that the trial worksheet plays a crucial role in improving the accuracy of financial reporting. Based on the literature review, the trial worksheet serves as an initial verification tool that ensures the worksheet of debits and credits, the accuracy of adjustment recordings, and the accuracy of account classifications before the financial statements are formally prepared. By presenting integrated financial data, the trial worksheet helps minimize recording errors and improves data consistency, resulting in more reliable, relevant, and representative financial reports. This finding directly addresses the research question of how the trial worksheet contributes to improving the accuracy of financial reporting.

This research's contributions are both theoretical and practical. Theoretically, this study expands the application of Decision Usefulness Theory by positioning the worksheet as a technical step that determines the usefulness of financial information, rather than merely an administrative tool in the accounting cycle. Practically, the findings of this study emphasize the importance of using the worksheet as part of the internal control mechanism in the preparation of financial statements, both in the private and public sectors. By improving the accuracy and reliability of financial statements, the worksheet supports more accountable economic and policy decision-making and strengthens good financial governance practices.

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