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BASIC COST ACCOUNTING TRAINING TO IMPROVE FINANCIAL LITERACY OF TEENS AT THE BENIH KEBAIKAN MEDAN

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Abstract

Financial literacy is a crucial life skill, especially for adolescents in orphanages preparing for independence after school. However, understanding financial management, particularly the basic concepts of cost accounting for small businesses, is often overlooked. This community service activity aims to improve the financial literacy of 30 adolescents (aged 12–18) at the Benih Kebaikan Polonia Orphanage in Medan, through basic cost accounting training. The methods used included interactive lectures, production cost calculation simulations, and evaluations through pre- and post-tests. The results showed a significant increase in participants' understanding of the difference between fixed and variable costs, as well as how to determine a reasonable selling price. The adolescents in the orphanage now have a better foundation in managing their personal finances and are equipped to become independent entrepreneurs in the future.

Keywords: Cost Accounting, Financial Literacy, Youth, Orphanages.

1. INTRODUCTION

Adolescents are an age group in the transition phase from childhood to adulthood. At this stage, they begin to learn to make independent decisions, including in education, social relationships, employment, and financial management. The ability to manage finances from an early age is a crucial life skill to possess, as it will impact a person's quality of life in the future. Individuals with good financial literacy tend to be better able to plan expenses, avoid waste, manage risk, and prepare for the future than those who lack an understanding of financial management.

Global economic developments and advances in digital technology have brought about significant changes in people's consumption patterns, particularly among teenagers. The convenience of transactions through digital payment apps, online shopping, and massive promotions on social media have made it increasingly easy for teenagers to spend without considering their true needs. This situation demonstrates that financial literacy is no longer a necessity for a select group but has become a basic competency that must be possessed by all levels of society, including children and teenagers living in orphanages.

Teenagers living in orphanages face unique challenges when preparing to enter independent life. Unlike most teenagers who receive financial support and direct guidance from their parents, orphanage children must learn to develop more independent living skills with limited resources. After completing their education, most of them will enter the workforce or even attempt to start their own businesses. Therefore, financial management skills are crucial for them to make wise economic decisions, manage their income, control their expenses, and plan for their future more effectively.

In addition to personal financial management skills, an understanding of basic cost accounting concepts is also a competency that needs to be introduced to adolescents from an early age. Cost accounting is often considered a subject only for students or business owners. However, basic concepts such as recognizing costs, distinguishing between needs and wants, calculating simple production costs, determining selling prices, and understanding profit are highly applicable skills in everyday life. This knowledge will be invaluable if they later decide to run a small business, become an MSME, or work in fields related to administration and finance.

Cost accounting is a branch of accounting that focuses on the process of recording, classifying, calculating, and controlling costs incurred in producing a product or service. In the context of community service, cost accounting material is not presented in the form of complex theories as taught in universities, but rather simplified into easy-to-understand material tailored to the participants' characteristics. This approach aims to help participants understand that each item has a cost component that must be taken into account before determining the selling price or calculating the profit earned.

The ability to understand costs is also closely linked to the development of entrepreneurial character. An entrepreneur is not only required to be creative in producing products, but also to be able to calculate all costs incurred so that the business can generate profits. Many micro-businesses fail to thrive not because their products are unpopular, but because the business owners lack an understanding of how to correctly calculate production costs. Therefore, education about cost accounting can be a first step in fostering a healthy entrepreneurial spirit in teenagers.

The partner in this community service activity is the Benih Kebaikan Orphanage, located in Polonia District, Medan City. This orphanage is home to children and adolescents from diverse socioeconomic backgrounds. In addition to receiving formal education at school, they also participate in various character-building activities, religious education, and skills training organized by the orphanage management and external parties. The orphanage management is highly committed to equipping the children with various skills that will support their lives after they leave the orphanage.

Based on initial observations and discussions with the orphanage administrators, it was discovered that most of the teenagers were highly motivated to learn and showed interest in entrepreneurial activities. Some had even tried making snacks, simple crafts, and other creative products to sell at bazaars or special events. However, they still lacked a clear understanding of how to calculate the costs of producing a product. The selling price often simply followed market prices without considering the cost of raw materials, labor, or other supporting costs. This situation indicates a very limited understanding of cost accounting.

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The needs identification results also indicate that no specific training on financial literacy or cost accounting has been provided for youth at the Benih Kebaikan Orphanage. Learning about money management is still done simply by encouraging savings, without a more comprehensive understanding of budgeting, financial record keeping, cost classification, or business profit calculation. Yet, these skills are crucial for entering the workforce or establishing independent businesses.

These issues are the crucial basis for implementing this community service activity. The community service team strives to provide solutions through cost accounting training designed with an educational, communicative, and participatory approach. The material will be presented using simple language, examples relevant to everyday life, educational games, cost calculation simulations, group discussions, and hands-on practice in calculating the production costs of simple products. With this approach, participants are expected to not only understand the theory but also be able to apply the concepts learned in real life.

This training is not only focused on increasing knowledge but also on developing a positive financial mindset. Participants are expected to be able to distinguish between needs and wants, understand the importance of financial planning, practice simple recording of income and expenses, and recognize that every financial decision must be based on rational considerations. This mindset is a crucial foundation for developing a young generation that is independent, responsible, and able to manage resources effectively.

In addition to providing benefits to participants, this activity also supports the implementation of the Tri Dharma of Higher Education, particularly in the aspect of community service. Through the transfer of knowledge from universities to the community, it is hoped that human resource capacity will be increased, enabling them to have a sustainable positive impact. The synergy between universities and social institutions such as orphanages is a concrete example of academics' contribution to solving various social problems through an educational approach.

Through this activity, it is hoped that the youth of the Benih Kebaikan Orphanage will have a basic understanding of financial literacy and cost accounting that can be applied in their daily lives. They are expected to be able to develop simple financial plans, understand the process of generating product costs, calculate basic costs simply, determine appropriate selling prices, and be motivated to develop productive small businesses. In the long term, this increase in financial literacy is expected to support the creation of a younger generation that is more economically independent, has an entrepreneurial spirit, and is able to improve their quality of life through wise financial management.

2. IMPLEMENTATION METHOD

This community service activity was carried out with the following profile details:

Day/Date **:**Saturday, April 25, 2026

Time **:**08.30 – 15.00 WIB

Location **:**Seeds of Kindness Orphanage Polonia, Medan

Participant **:**30 orphanage children (teenagers, 12–18 years old)

The method of delivering the material is divided into three main stages:

Activity Implementation Stage

1. **Preparation Stage (Pre-Test):**Measuring participants' initial abilities regarding the concept of money and costs through a short questionnaire packaged in the form of a fun quiz.
2. **Material Delivery & Simulation Stage:**
    - Presentation of basic material: Definition of cost accounting, differences between Fixed Costs and Variable Costs.
    - Simple case study: Calculating the cost of making a product that is close to the daily lives of teenagers (for example, making boba ice or snacks).
3. **Evaluation Stage (Post-Test):**Re-test the participants' understanding after the entire series of materials and simulations have been completed.

3. RESULTS AND DISCUSSION

Activities run smoothly and interactively. The characteristics of the participants who are in the 12–18 year age range make the visual approach and gamification (learning through games) very effective.

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Understanding Improvement Analysis

The following is a comparison table of material understanding based on the quiz results before and after training:

Assessment Indicators	Before Training (Correct)	After Training (Correct)	Improvement
Differentiating Wants vs Needs	60%	95%	+35%
Identifying Fixed & Variable Costs	20%	75%	+55%
How to Calculate Cost of Goods Sold	10%	70%	+60%
Determining Profit	40%	85%	+45%

Discussion of Material

At the beginning of the session, most participants were still confused about the difference between "costs" and "expenses," assuming all product-making expenses were the same. However, through a hands-on simulation—where participants were asked to pretend to be the owners of a coffee shop—they began to understand that rent (a fixed cost) should be treated differently from purchasing raw materials like sugar and ice (a variable cost).

With the program running from morning to afternoon (8:30 AM to 3:00 PM WIB), interspersed with a lunch break, participants maintained focus thanks to group practice sessions. They learned that determining a selling price requires more than guesswork, but also calculating all cost elements to avoid losses.

4. CONCLUSION AND SUGGESTIONS

Conclusion

Basic Cost Accounting Training at the Benih Kebaikan Polonia Orphanage in Medan was successfully implemented, involving 30 young participants. This activity significantly improved the participants' financial literacy, particularly in understanding cost structures and determining product selling prices. This training is expected to foster entrepreneurial spirit and financial independence for them upon graduation from the orphanage.

Suggestion

For further community service, it is recommended that there be further mentoring in the form of direct practice in making small-scale craft or food products, followed by the creation of simple financial reports based on smartphone applications that are easily accessible to teenagers.

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Attachment

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