

DETERMINING THE COST OF PRODUCTION IN SETTING THE SELLING PRICE WITH THE FULL COSTING METHOD ON MSME SUMPIA DUA UDANG

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Abstract: The purpose of this study was to identify and introduce the determination of the cost of goods manufactured and the cost of goods sold using the full costing method at UMKM Sumpia Dua Udang. This research was conducted at UMKM Sumpia Dua Udang in Kubang Village. This study uses a qualitative method. The results showed that the Sumpia Dua Udang UMKM in calculating the cost of production of UMKM still carried out the traditional method, did not charge all costs and had not calculated costs in detail during the production process such as factory overhead costs. By using the full costing method, the cost of goods sold is lower than the traditional method, which is Rp 20,418,389, the cost of goods sold using the full costing method is Rp 20,716,389 and the selling price using the full costing method is higher than the traditional method which is Rp 88,470.

Keywords: *Cost of Production, Cost of Goods Sold, Selling Price and Full Coting*

1. Introduction

The development of the business world today is very fast. This is marked by the sharp competition in the business world in order to maintain and improve its business. With the sharp competition, the company is required to be able to face the existing competition. Likewise in the business world, especially small and medium enterprises. Micro, small and medium enterprises are expected to have policies and strategies to be able to maintain and improve their business. The calculation of the cost of goods sometimes only adds up some costs and often companies only rely on market prices or refer to similar businesses. If this happens continuously, it will certainly affect the company's profit. (Luh Puspitasari, I Gusti Ayu Purnama, 2017).

In general, companies are established to obtain adequate and sustainable profits in order to survive and provide benefits to owners and employees. To maximize the company's performance in the long term, companies must build and maintain profitable cooperative relationships with their customers.

In a company, sales activities are the most important activities because with these sales activities a profit is formed which can guarantee the continuity of the company. The purpose of sales in general is to achieve optimal profit with minimal capital. This goal can be realized

if sales can be carried out as planned, as for the things that must be considered in sales, namely determining the cost of production, cost of goods sold and selling price of a product produced.

The cost of production is a collection of production costs consisting of direct materials, direct labor and factory overhead costs plus inventories of products in the beginning minus inventories of products in the process of ending. The cost of production is tied to a certain period of time. The cost of production will be the same as the cost of production if there is no product inventory in the initial and final process (Bintang Komara, 2016). Cost of Goods Sold is the cost of goods sold in the current time which is obtained by adding the cost of production with the initial finished product inventory and subtracting the final product inventory (Bustomi, 2013). In order to get a high profit, the company must determine the right cost of production because with the calculation of the cost of production, the company can determine the right selling price.

The selling price is the compensation (money or goods) needed to obtain a number of goods or services. Companies set prices for their products in the hope of making a profit. A common approach in determining the selling price is to add a markup to the cost of goods sold. The markup is the difference between the selling price and the cost of the product. The markup is usually a certain percentage of the cost of the product. This approach is called cost-plus pricing because the predetermined markup percentage is added to the cost-plus price figure to determine the selling price (Krisniasji & Aryani, 2011:325).

Sumpia Dua Udang UMKM is one of the companies in Cirebon Regency that is engaged in the production of sumpia cakes and has good prospects for the long term, this can be seen from the enthusiasm of the people, one of which is in Kubang Village where the majority of the population besides farming also work in sumpia cake companies, especially mothers. MSMEs Sumpia Dua Udang in calculating the cost of goods and selling prices of their products with a relatively simple method and have not applied the calculation of the cost of production in accordance with cost accounting principles. This company has not included all the elements of costs incurred in detail in the production process and only focuses on raw material costs and labor costs. In addition, it has not calculated all factory overhead costs such as transportation costs, equipment depreciation costs and has not grouped raw materials, auxiliary materials and factory overhead costs according to cost accounting rules.

2. Method

The type of data used in this study is a qualitative method. Qualitative method is an attribute or nature or value of people, objects or activities that have certain variations set by researchers to be studied and drawn conclusions (Sugiyono, 2012). Sources of data used are primary data and secondary data. Primary data is research data obtained directly from the first hand to find a solution or problem under study. The sources of data in this study are the general description of the company, the production process, and the division of tasks for each section in the MSME Sumpia Dua Udang, Kubang Village, Talun District. Secondary data is data that has been collected by researchers, data published in other statistical journals, and information available from published or non-published sources inside or outside the organization. Data collection techniques using literature study, observation, interviews and documentation

3. Result

Calculation of the Cost of Production of Sumpia Two Shrimp SMEs

Cost of Production Traditional Methods Per One Time Production

Description	Quantity	Price (Rp)	Total (Rp)
Wheat	38 sack	145.000	5.510.000
Cooking oil	25 box	176.000	4.400.000
Floss	2 sack	262.500	525.000
Sugar	4 sack	505.000	2.020.000
Shrimp	4,6 box	240.000	1.104.000
Plastic	8,25 kg	29.000	239.250
Chinatown	24 pcs	8.000	192.000
Newspaper	7 kg	10.000	70.000
Operational	5		224.000
Etc			74.000
Gas	73 tube	22.000	1.606.000
Employee salary	9 day		3.984.500
Business Owner Salary	9 day	70.000	630.000
Total Product Cost			20.578.000
Number of Products	1.405 kg		20.578.000/1.405
HPP/Kg			14.646

From table 4.1 above, it can be seen that the production costs incurred by the Sumpia Two Shrimp Business in Kubang Village are in one production times is Rp. 20,578,000 with the cost of production per kilogram of Rp. 14,646

Calculation of Cost of Goods Production Full Costing Method

Calculation of Cost of Production Per One Time Production Using Full Costing Method

Description	Total (Rp)
Raw Material Cost:	
Wheat	5.510.000
Floss	525.000
Shrimp	1.104.000
Direct labor costs:	
Roll Part	2.430.000
Leather Making Section	1.282.500
Frying Section	272.000
Variable Factory Overhead Costs:	
Auxiliary Material Cost	6.921.250
BTKTL	630.000
Gas Cost	1.606.000
Fixed Factory Overhead Cost:	
Building and Equipment Depreciation Cost	137.639
Total Product Cost	20.418.389

From table 4.9 above, it can be seen that the calculation of the Cost of Production using the Full Costing Method to produce 1,405 kg of Sumpia Dua Shrimp in one production is Rp. 20,418,389.

Calculation of Cost of Goods Sold Per One Time Production Using
Full Costing Method

Description	Total (Rp)
Cost of goods sold	20.418.389
Marketing Fees:	
Transportation costs	224.000
Transport Load	74.000
Total cost	20.716.389
Total Production (Kg)	1405
Cost per 1kg Sumpia	14.745

Source: Data processed by the author

From the table above, it can be seen that the calculation of the Total Cost of Goods Sold for Sumpia is Rp. 20,716,389, per 1kg is Rp. 14,745 and per bale (5kg) is Rp. 73,725 which is obtained from the total production costs plus non-production costs divided by the total production, which is 1,405 kg per one time production using the Full Costing Method.

Calculation of Full Costing Selling Price

Determination of the selling price of the MSME product, Sumpia Dua Udang, sets a profit percentage of 20% of the cost of production.

$$\begin{aligned}
 \text{Selling Price} &= \text{Total Cost} + \text{Mark Up} \\
 &= \text{Rp } 20.716.389 + 20\% \\
 &= \text{Rp } 20.716.389 + \text{Rp } 4.143.278 \\
 &= \text{Rp } 24.859.667
 \end{aligned}$$

$$\begin{aligned}
 \text{Selling Price Per Kg} &= \frac{\text{Total Cost} + \text{Mark Up}}{\text{Production Volume}} \\
 &= \frac{\text{Rp } 24.859.667}{1.405}
 \end{aligned}$$

$$= \text{Rp } 17.694$$

$$\text{Selling Price Per Ball} = \text{Rp } 17.693,7 \times 5\text{kg} = \text{Rp } 88.470$$

Discussion

Comparative Analysis of Cost of Production according to MSMEs with the Full Costing Method

Comparison of Calculation of Cost of Production
Per One Time Production

Description	Company (Rp)	Full Costing (Rp)	Difference (Rp)
Total HPP	20.578.000	20.418.389	159.611
Per 1 Kg	14.646	14.533	113
Per bal (5kg)	73.230	72.665	565

Source: Data processed by the author

The table above can explain that the calculation using the full costing method turns out to result in a lower cost of goods manufactured. This is because in the calculation of the Sumpia Dua Udang UKM Kubang Village there are costs that have not been detailed such as operational costs and other costs that should have been transportation costs and freight costs for shipping goods to customers, in the full costing method these costs are included in the calculation of the cost of goods sold. In addition, the MSME Sumpia Dua Udang Kubang Village has not calculated Factory Overhead Costs either fixed or variable so that it will affect the selling price determination. Although the full costing method produces a lower cost of production, the cost calculation element is more precise because it calculates all the elements of costs in the production process such as depreciation of equipment, depreciation of vehicles and depreciation of buildings because in the full costing method every activity related to the production process is entered into in calculating the cost of production.

Comparative Analysis of Selling Prices by MSMEs with the Full Costing Method
 Comparison of Selling Price Calculation Per One Time Production

Keterangan	Perusahaan (Rp)	Full Costing (Rp)	Selisih (Rp)
Per 1 Kg	17.575	17.694	119
Per bal (5kg)	87.875	88.470	595

Source: Data processed by the author

Table 4.12 above shows the difference in the calculation of product selling prices between companies using the full costing method. The selling price per 1 kg of Sumpia according to the calculation of the Sumpia Dua Shrimp SMEs is Rp. 17,575 and the selling price of pe bal is Rp. 87,875. While the results of the calculation analysis using the full costing method resulted in the selling price per 1 kg being Rp. 17,694 and the selling price per bale being Rp. 88,470. The results of the calculation of the selling price analysis with the full costing method are greater than the company's calculations with a difference of Rp. 119 per 1 kg and Rp. 595 per Bal.

Conclusions and Suggestions

Conclusion

Based on the results of the analysis and discussion of the Full Costing method, several conclusions can be presented as follows:

1. The total production cost of the Sumpia Dua Udang UMKM is Rp. 20,578,000. The cost of production per bale is Rp. 73,230. The selling price resulting from the calculation of the cost of production using the traditional method is Rp. 87,875.
2. The total cost of goods manufactured using the full costing method is Rp. 20,418,389 and the total cost of goods sold using the full costing method is Rp. 20,716,389. The selling price resulting from the calculation of the cost of production using the full costing method is Rp. 88,470
3. Based on the comparison of the calculation of the cost of production, there is a difference between the Sumpia Dua Udang UMKM in Kubang Village and the calculation using the full costing method. The total cost of production produced by MSMEs Sumpia Dua Udang is Rp. 20,578,000, while the total cost of goods produced using the full costing method is Rp. 20,418,389 with a difference of Rp. 159,611. The comparison of the selling price according to the calculation produced using the full costing method is higher, which is Rp.

88,470 per ball, while according to the calculation of the Sumpia Dua Udang UMKM is Rp. 87,875 per ball with a difference of Rp. 595 per ball.

Suggestion

For further researchers, who will conduct research on the same topic, it is recommended to calculate the cost of production and cost of goods sold in one month or quarter of recording. And it is recommended to compare the simple method with the variable costing method, so that there are differences in data collection techniques and data analysis techniques in research.

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