Analysis of Cost of Sold and Production Costs on Company Profit
(Case Study at PT Perikanan Nusantara (Persero) Benoa Branch)

Putu Eka Dianita Marvilianti Dewi[1,*] Sunitha Devi[1] Putu Riesty Masdiantini[1]

[1] *Department of Economics and Accounting, Universitas Pendidikan Ganesha, Singaraja, Indonesia*
[*] *Corresponding author. Email: ekadianita@undiksha.ac.id*

ABSTRACT
This study aims to examine the calculation of COGS as a benchmark to calculate the selling price of items produced by the company to know the period income PT. Perikanan Nusantara (Persero) Cabang Benoa obtained. While the company's estimation of cost of goods sold is accurate and lower than the selling price, the decision of the selling price is less focused due to the lack of cost classification to determine the amount to be imposed on the products manufactured, and the exaggerated use of materials affects each period's income. So, the current research should benefit the company. Moreover, the data from the company were analyzed and compared with the current theory. This study uses a trend analysis data to determine the extent of the relationship between production costs through COGS,sales to profits. And alanyze using the ratio method to find out the comparasion ratio. Research shows that there is a significant impacton overall cost of sales and the production cost against profit at PT. Perikanan Nusantara (Persero) Cabang Benoa.

Keywords: *Cost of goods sold, Production cost, Earnings.*

1. INTRODUCTION

Based on the production and product sales policies applied by the company, one of the accounting fields that provides cost information is cost accounting. One of the tools used by management for determining the cost of production, determining selling prices and making decisions is cost accounting (Supriyono,2000). PT. Perikanan Nusantara (Persero) Benoa Branch, which is located at Jalan Raya Benoa Harbor, is a state-owned company engaged in the fishing industry. PT. Perikanan Nusantara (Persero) Benoa Branch in conducting its business encountered obstacles so that the pace of business development was hampered. Factors inhibiting the pace of business PT. Perikanan Nusantara (Persero) Benoa Branch is a declining profit rate with HPP and increased production costs but sales growth is declining due to business competition which makes fewer consumers so that business development does not run effectively. In connection with the above background, it is necessary to conduct a study regarding the determination of the cost of production so that a selling price can be determined that can provide benefits for the management. Therefore, the authors are interested in conducting research with the title Analysis of Cost of Goods Sold and Production Costs on Company Profits (Case Study at PT Perikanan Nusantara (Persero) Benoa Branch).

Based on the background and description above, several problems can be formulated as follows: (1). How does the cost of goods sold affect the company's profit level? (2). How is the effect of production costs on the company's profit level? (3). How does the cost of goods sold and production costs affect the company's profit level?

2. LITERATURE REVIEW & HYPOTHESIS DEVELOPMENT

2.1. Cost Of Goods Sold

The company can be seen as a system that processes an input to produce an output. Companies that aim to seek profit and those that are not for profit process inputs in the form of economic resources to produce outputs in the form of other economic sources whose value must be higher than the value of inputs. Therefore, both in profit-motivated and non-profit-motivated businesses, management always tries to make the output value higher than the input value sacrificed to produce the output, so that organizational activities can generate profits (for companies that aim to seek profit) or the remaining operating results [1] (for non-profit companies). With these profits or profits, the company will have the ability to develop and be able to maintain its existence as a system in the future.

Guarantee that a business activity will produce an output value that is higher than the input value, a tool is needed to measure the value of the input sacrificed in producing the output [2]. Cost information is a tool that serves to measure the sacrifice of the input value, in order to produce useful information to measure whether the activity the business will make a profit or not. The determination of the cost of goods sold or the cost of goods sold in a manufacturing company is somewhat different when compared to a trading company. In a trading company, the cost of goods sold is calculated as follows: Beginning Inventory of Merchandise (+) Purchase of Merchandise (-) Ending Inventory of Merchandise = Cost of Goods Sold

The explanation of the elements contained in the cost of goods sold is: 1) Beginning inventory of merchandise. Beginning merchandise inventory is merchandise inventory available at the beginning of a period or current financial year [3]. For a trading corporation, the beginning inventory balance can be found in the trial balance for the current quarter, the beginning balance sheet, or the balance sheet from the prior year. Second, net purchase. All purchases of items made by the firm, whether in cash and on credit, are included in the company's total net purchases. 3) Pay for shipping. The cost incurred by the company from the time it purchases raw materials until the finished goods are ready for sale. 4) Refunds for returned purchases. Is a situation in which goods acquired from other companies are damaged or incompatible, necessitating a return. 5) Discount on your purchase (Discount). The term "purchase discount" refers to a reduction in the normal price of goods offered to customers who purchase a specific amount of such goods. and Sixth: Closing off merchandise stock. The inventory of items remaining at the end of the current period or financial year is known as the ending merchandise inventory. The end-of-period adjustment data will reveal the company's ending inventory balance.

2.2 Company Production Cost

After the entire process related to efforts to produce products for the company is completed, the product must be stored, sold, and distributed to the company's customers. Without good storage activities, sales to consumers and timely and efficient distribution, all production activities will not be useful. In order to store, sell and distribute the company's products, a number of expenses related to these activities are required [4]. On the other hand, since the production process starts to finish and from the product storage process to the distribution of the company's products into the hands of consumers, there are certain parts within the company that are not directly related to production and marketing activities. All office administration activities, such as legal affairs, correspondence affairs, tax matters, telephone stationery, electricity, and so on. Without all these activities, the organization cannot be run. All these activities require costs that are adjusted to the size of the organization.

Commercial Cost Budget or Operating Costs are all expenses related to the distribution and sale of company products as well as expenses to run the organization's wheels. Commercial costs or operating costs are costs that have a major role in influencing the success of the company in achieving its goals, namely obtaining operating profits [5]. Because the products that have been produced by the company through a long production process must be delivered to consumers through a series of mutually supportive activities. Without targeted commercial activities, all the products produced will not have any benefits for the company. More about this source text, the source text required for additional translation information. Operational costs are divided into several types, including:

2.2.1. Fixed Cost

Namely costs that are not related to the company's operations, so they have nothing to do with the company's sales. Fixed costs can be divided into 3, namely: 1) Fixed Operating Costs. Namely the fixed costs of the company's operational activities, the risks arising from these costs are called operational risks. These costs include warehouse rental costs, administrative labor costs, and others. 2) Financial Fixed Costs. 3) Namely fixed costs because the company uses debt as a source of corporate funding. The risk arising from these costs is called financial risk. These costs are in the form of interest costs. 3) Total Fixed Cost. That is the sum of fixed operating and financial costs, the risk arising from these costs is called business or corporate risk.

2.2.2 Variable Costs

Namely costs that change in the short term due to changes in company operations. These variable costs include raw material costs, direct labor costs and direct marketing costs.

2.2.3. Semi Variable Cost

That is, a cost that increases gradually with an increase in output, for example, a manager's salary

2.2.4. Semi Fixed Fee

That is, costs that at certain stages are fixed in number, but after a certain stage the amount increases by a certain amount

The company's operational costs are also divided into: 1) Direct Raw Material Cost. Included in this category are all the costs associated with the raw materials that go into making the final product, as well as any labour expenditures. [6]. Examples of direct raw materials are wood for the manufacture of furniture and clay for the manufacture of tiles, The main consideration in classifying materials into direct raw materials is the ease of tracing the process converting these materials into finished materials. For example, nails for the manufacture of furniture are part of finished goods, but so that the calculation of the cost of the furniture can be done quickly, these materials can be classified as indirect raw materials. 2) Direct Labour Cost. Direct labour costs are direct employees or employees who are mobilized to convert direct materials into finished goods. The costs for this include the salaries of employees that can be charged to certain products [7]. 3) Factory Overhead Cost. That is also called indirect costs are a collection of all costs to make a product other than direct and indirect raw material costs. Factory overhead costs are generally defined as indirect materials, indirect labour and other manufacturing materials that are not easily defined or assigned directly to product work or final cost objectives [8].

Research Hypothesis. Hypothesis is a provisional statement or the most correct conjecture possible even though it must be proven by conducting research [9]. The hypothesis that the author can propose is as follows: 1) It is suspected that the cost of goods sold affects the level of profit, 2) It is suspected that production costs affect the level of profit, 3) It is suspected that the cost of goods sold and operating costs affect the level of profit.

3. METHOD

In this writing, the method taken by the author in collecting data is as follows: 1) Library Research; Reading notes from lectures and other academic settings, as well as reference materials like books and articles from a wide range of print media and online databases, is how the author collects information and other theoretical facts for their research projects. discussion of the topics at hand. b) Observation; In an effort to obtain the necessary research data, the authors make direct observations to obtain data and information, by way of observation, the authors make observations on data and information regarding production costs (COGS) and their influence on sales and gross profit of the company, with a total of 5 observations. the last year, namely from 2014 – 2018.

The author gets the data, then it is processed by trend analysis method to find out the extent of the relationship between production costs through COGS (COGS), sales and gross profit. While the analysis that the author uses is ratio analysis, namely the calculation of the Gross Profit Margin ratio for profitability analysis, and this analysis will be applied further in chapter four in the results and discussion.

Trend analysis to see the trend, the development of the company during a certain period that has been in effect and the period to come. The goal of this trend study is to identify if the future financial health of a company will be improving, deteriorating, or remaining stable. Typically, this method is used to examine financial accounts that span at least three years. The purpose of this study is to examine the company's development over the past several years and to forecast its future. The index number method is used to try to predict future trends based on historical data. Following are the steps need to carry out this indexed trend analysis: Identify the baseline year. The significance of a year of establishment, year of transition, or organization, and other historical years is used to determine this year. Index 100 is used for all financial statement items for the previous fiscal year. 2) Using the base year's financial statement headings as the denominator to calculate index numbers for subsequent years. Based on the historical pattern of the financial statement items reviewed, it is possible to predict future trends. Decide what must be done to anticipate the trend.

4. RESULTS & DISCUSSION

In 5 years of existing data, 2017 is the most optimal year for the company's performance based on trend analysis, namely with a production cost of 149.78 affecting an increase in sales of 137.06 and affecting an increase in the company's gross profit of 71.38. The year that is seen as less than optimal is 2015 where the HPP level of 4.56 affects sales by 13.28 and also affects the company's gross profit by 58.33, so it can be seen that in 2015 there was a fairly large decline.

After seeing the explanation above in 5 years, the company PT. Perikanan Nusantara (Persero) Benoa Branch, it can be seen that production costs (HPP) trend to increase, where the increase is greater than the increase in sales and gross profit generated, so it can be seen that every year the company adds to the costs in HPP and sales (Table 1).

Table 1. Sales Rate

Year	Sales Rate	Level Of Hpp
2014	-	-
2015	-86,72	-95,44
2016	467,28	1551,82
2017	81,96	99,05
2018	-16,08	-14,94

Table 2. Profit Rate

Yeat	Profit Rate	Level of HPP
2014	-	-
2015	-41,67	-95,44
2016	29,84	1551,82
2017	-5,74	99,05
2018	-39,62	-14,94

In addition, it can also be concluded that when production costs (HPP) experienced a decrease in sales and the gross profit generated increased, so that changes in production costs, both reductions and additions, turned out to have a significant effect.

PT. Perikanan Nusantara (Persero) Benoa Branch, the cost of production is not good enough, it can be seen from the graph shown above the effect of production costs in increasing sales at the company has a positive or mutually supportive effect, namely where a good or efficient HPP level is supported by a good level of sales. and optimal sales, or vice versa with less good HPP it will result in sales that are less than optimal or not expected.

From the Table 2 and the statement described above that the cost of goods sold affects the level of profit. Based on the ratio test in which in 5 years it can be seen that in 2016 the company has a good level, namely the HPP level of 1551.82% which can be accompanied by an increase in sales of 467.28%, this is an appropriate influence, but it will be better if the HPP level is lower and results in optimal sales.

For the overall effect of production costs on profitability (gross profit) is quite influential but not too large, where with good production costs will be followed by a good level of profitability and vice versa with poor production costs will also be followed by less than optimal profitability. comparison between the effect of production costs (through HPP) in increasing sales with the effect of production costs on profitability, to ensure the effect of production costs in increasing sales and profitability.

Based on the analysis of the trend of the influence of production costs (through the level of HPP) in profitability (gross profit), namely the production costs (HPP) generated, it affects the company's gross profit by Rp. not too big, and vice versa. This occurs because the increase or decrease in gross profit does not exceed the increase in COGS. This shows that production costs have relatively less influence in increasing the company's profitability. This is not in accordance with the alleged hypothesis.

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