



Cost Calculation Using Full and Variable Costing in Sandal Cantikku

Dicky Sastra Wiguna

Accountancy Department STIE Mahardhika Surabaya

*Email: dickysastrawiguna@gmail.com

ABSTRACT

The cause of this dedication is to provide steering on calculating the cost of Manufacturing using the Full Method Costing and Variable Costing in Sandal Cantikku Domestic Industry. Companion on this dedication is Sandal Cantikku Domestic Industry in the city of Sidoarjo. The coaching is executed out use of lecture approach, tutorial and discussions held in one day. It is hoped that with this steerage, Sandal Cantikku Domestic Industry are capable of use accounting in this situation port calculations manufacturing and supplying inside the shape of a main production fee record to be taken into consideration in selling charge determination, profit calculation, and different accounting facts. With rate calculation manufacturing is expected to decide accurate selling costs, correct profits calculations, and accounting statictics true enough

Keywords: *Accounting Practices, Cost Of Production, Full Costing, Variable Costing*

INTRODUCTION

The rapid development of industry in the era of globalization has created numerous business opportunities, but it has also introduced significant challenges, particularly in the realm of accounting practices for small enterprises. Today's commercial environment is marked by rapid technological advancements, shorter product life cycles, and increasing production complexity, all of which demand more sophisticated and accurate methods for determining costs and pricing strategies.

One of the critical challenges faced by small businesses, such as Sandal Cantikku—a home industry specializing in women's sandals—is determining the appropriate selling price of their products. Setting the correct selling price is essential for ensuring profitability and maintaining competitiveness in the market. This price is typically determined by calculating all costs incurred during production, including both variable and fixed costs, and adding a profit margin that aligns with the business owner's financial goals. To achieve this, businesses often rely on methods such as full costing and variable costing. Full costing is a comprehensive approach that includes all production-related costs—both fixed and variable—in the calculation of the cost of goods sold (Horngren, Datar, & Rajan, 2015). This method provides a complete picture of the total costs associated with producing a product, allowing businesses to set prices that cover all costs and ensure desired profit margins. Conversely, the variable costing method focuses solely on variable costs, which fluctuate with production volume, such as raw materials and direct labor (Garrison, Noreen, & Brewer, 2018). This method is particularly useful for making short-term pricing decisions and understanding the contribution margin of each product.

For Sandal Cantikku, which operates out of Dsn Bareng, Krian, Sidoarjo, and promotes its products both through social media and local accessory shops, the challenge lies in accurately determining costs and setting prices that reflect the true value of their products. The business, which was established with a modest start-up capital of Rp 2,500,000, has experienced inconsistent monthly turnover, partly due to its reliance on past experiences for cost estimation rather than on precise accounting practices.

Currently, Sandal Cantikku's approach to pricing and cost estimation is based primarily on past production and sales experiences. However, this method has resulted in incomplete financial data, making it difficult to accurately calculate production costs, set appropriate selling prices, and ultimately determine the business's profitability. This issue is common among small businesses, where informal practices often

lead to challenges in financial management and decision-making.

This study aims to address these challenges by providing a detailed analysis of the cost structures and pricing strategies used at Sandal Cantikku. By implementing accurate cost classification and production cost calculation methods—specifically full costing and variable costing—the study seeks to equip Sandal Cantikku with the tools necessary to accurately determine the cost of goods sold, set appropriate prices, and measure actual profitability. These improvements will support better business decision-making and contribute to the sustainability and growth of Sandal Cantikku as a small enterprise in the competitive fashion industry.

METHOD

The research design used is a holistic single case study, namely research that places a case into the focus of the research. The number of units of analysis used is only one or even one unit of analysis cannot be explained, because it is integrated with the case. In this single case study research, the unit of analysis cannot be determined because the case is also the unit of analysis from which the research originated.

The research approach uses a qualitative approach, namely the approach used by the researcher by basing on the data used by respondents or key informants, namely Rima, Salsa, Ayu, Sheila and Dicky who participated in forming the business from the start, verbally or in writing as well as their real behaviour. and researched and studied as a whole. Qualitative research prioritizes data quality; therefore, the data collection techniques use a lot of continuous interviews and personal observation. The researcher will describe the data collected in the form of actual information about Accounting Practices related to the Calculation of Cost of Production using Full Costing Method and Variable Cost. This qualitative nature means that research that forms descriptive data analysis in the form of written terms on what is observed in the data being analysed and the results of the analysis are in the form of descriptive.

RESULT AND DISCUSSION

UMKM be our partner dedication specifically Sandal Cantikku Home Industry. The accuracy of figuring out the kind of cost and figuring out the value of production and consideration of the method to be used make it clean for Sandal Cantikku Home Industry to calculated costs production so that the selling price is set according to the desired margin. If this has been done, then Sandal Cantikku Home Industry can find out accurately how much turnover and profits and financial position.

The implementation of this dedication activity is carried out using the methods of socialization, tutorials, and discussions. The systematic implementation of willpower sports is as follows:

- a. Step 1 (Socialization approach): Target audience are given socialization about the fee of production. First step executed during two hours
- b. Step 2 (Tutorial approach): Target market are given the layout of the calculation of simple production at the side of examples of questions related to the calculation of Constant Cost and Variable Fees. Second step carried out during four hours
- c. Step 3 (Discuss approach): Audience are given chance for dialogue of the problems associated with cost of goods bought all this time. Third step finished at two hours

Results of dedication activities

Accounting Practices related to the calculation of the cost of production using the Full Costing and Variable Costing in the Sandal Cantikku Home Industry held for one day, that is on the Wednesday, 01 June 2022 at Dsn. Baring RT 07 RW 02 Ds Sidorejo, Krian, Sidoarjo. The training activities for 1 day can be described as follows:

The training was carried out in a relaxed and informal for 1 day, on Wednesday 01 June 2022. Accounting training start on 10.00 WIB, start with a more detailed explanation of the problems faced by Sandal Cantikku Home Industry, approximately 1 hour until 11.00 WIB. Then interspersed with rest and shalat dhuhur. Training started again at 13.00 WIB after shalat dhuhur. The training started with teaching related to costs of goods sold with Full Cost method and Variable Cost.

After all the lessons related to the problems faced by partners have been given, the activity continues with a question-and-answer session during a quarter to 17.00 WIB. Then ended with a group photo session at that location.

CONCLUSIONS

Accounting Practices related to the calculation of the cost of production using the Full Costing and Variable Costing in the Sandal Cantikku Home Industry held for one day, that is on the Wednesday, 01 June 2022 at Dsn. Bareng RT 07 RW 02 Ds Sidorejo, Krian, Sidoarjo. Running smoothly. From the results of the training activities for calculating the Cost of Production using Full Cost Method and Variable Cost at Sandal Cantikku Home Industry partner side can be understand calculations in order to determine the appropriate selling price, profit determination and classification costs which will make partners can compete with kind of industry.

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