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Cost of Production Price Analysis Using Job Order Costing Method In CV. Alam Lestari Jaya

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Abstract

Cost of production is the cost of production absorbed into each unit of product produced by the company. Calculation of order costs is a method for determining the cost of production of a company's products according to consumer orders. CV. Alam Lestari Jaya is a company engaged in the field of convection and processing of clothing materials into ready-made clothes for various purposes. The purpose of this research is to find out how CV. Alam Lestari Jaya determines the cost of production and compares it with the job order costing method. This research uses experimental methods, quantitative descriptive data analysis, and observation. The result is that CV Alam Lestari Jaya can apply the job order costing method to calculate the cost of production. As a result, the difference in cost of goods manufactured, which shows lower costs than using the job order costing method. There is a difference in selling price of Rp 2.817, according to the company and the calculated job order costing. In addition, this study did not calculate all factory overhead costs because the company did not allocate a budget for factory overhead costs. This causes factory overhead costs not to be fully calculated, such as electrical loads and depreciation loads for sewing machines. The final results obtained in this study are in accordance with the expected criteria.

Keywords**:** *Cost of Production, Job Order Costing Method*

1. Introduction

CV. Alam Lestari Jaya is a company engaged in the field of convection and processing of clothing materials into ready-made clothes for various purposes. In making reports of daily operational activities CV. Alam Lestari Jaya already uses computers to help the company's performance. However, the use of this technology has not been optimized, especially in processing data on the determination of the cost of production, which is still calculated manually. Of course this will hamper the company's performance in controlling and determining the cost of goods produced. Production Information System is a computer-based system that works in conjunction with other functional information systems to support the production function which includes all activities related to planning and controlling processes for producing goods or services. The scope of the production information system includes production plans, workforce plans , Raw material requirements plan and production control system are used in planning, monitoring and controlling the production process that occurs so that it is more efficient. Produces efficient production processes, strict quality control and produces better products. Reduces costs from using various inventories by getting material control good. Used as a competitive competition tool between business organizations [11].

The determination of the Job Order Costing method is very important in management decisions, starting with the purchase order (PO) from the customer, the company must immediately calculate the cost of production carefully and accurately to determine the selling price of the product [2]. In this method all production costs are collected for a particular order and the cost of production per unit produced is calculated by dividing the total production cost of the order by the number of product units in the order [10].

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The formulation of the problem in this study is whether the Job Order Costing method can be used in building the Cost of Production Determination Application in CV. Alam Lestari Jaya. The purpose of this study is to determine the use of the Job Order Costing method used in calculating the cost of production based on consumer orders so that companies can determine the selling price of their products.

2. Research Methodology

The flowchart of the research method in this study is as follows

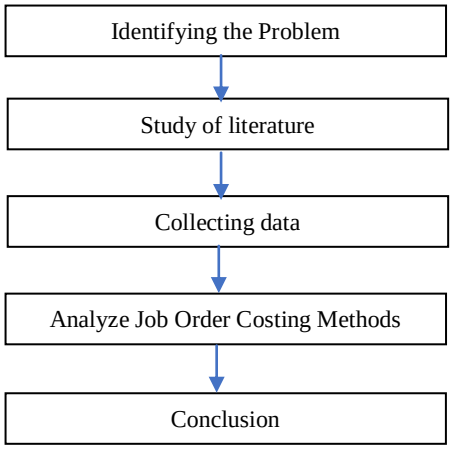

Figure 1. Flow diagram

Based on the framework in the picture above, each step can be described as follows:

1. Identify the Problem
   The scope of the problem under study must be determined in advance because the problem identification stage begins with determining the data on raw material costs, labor costs, and factory overhead costs.
2. Studying Literature
   This literature study aims to find out the methods and basics of science or references that support the development of production information systems. Literature studies include: 1) Production Information System, 2) Job Order Costing is needed for literature that is useful in understanding concepts and deepening the theory of production information systems using Job Order Costing from several national or international journal sources, books and the internet.
3. Data Collection
   The data used comes from data needs that must be met in building the application of cost of goods manufactured. The data used comes from production data. As for the components of the Cost of Production are the cost of Material Cost, factory overhead costs and Labor Cost.
4. Analyze Job Order Costing Methods
   The method used in the construction of this system is Job Order Costing, which starts from collecting data on raw material costs, labor costs, and factory overhead costs. for determining the cost of production
5. Conclusions
   The final stage of the absorption of knowledge in the Production Information System is the stage where the results of the conclusions are found

3. Result and Discussion

COGS calculation can be done by adding all the total cost components that have been obtained, namely total raw material costs + total labor costs + total ovearhead costs. Calculations using the Job Order posting method are presented in the table below.

Table 1. Comparison of Cost of Production For Orders 48 clothes Juni 2019

According to the Company (Rp)		According to the author (Rp)	
Raw Material Costs		**Direct Raw Material Costs**	
Fabric	1.528.800	Fabric	1.528.800
Paper Cloth	96.000	Yarn	320.000
Yarn	32.000	**Total Cost of Direct Raw Materials**	1.560.800
Button	120.960	**Direct Labor Cost**	
Chalk Color	1.000	Sewing Cost	480.000
Total Cost of Raw Materials	1.778.760	Cut costs	168.000
Labor costs		Finishing Fee	108.000
Sewing Cost	480.000	Embroidery fee	240.000
Cut costs	168.000	Packing fee	48.000
Finishing Fee	108.000	Administrative costs	108.000
Embroidery fee	240.000	**Total Direct Labor Costs**	1.152.000
Packing fee	48.000	**Ovderhead fees**	
Total Labor Costs	1.044.000	Hard Cloth	96.000
Work Overhead fee		Button	120.960
Depreciation Machine Costs	80.000	Chalk Color	1.000
Electricity cost	13.461	Depreciation Machine Costs	80.000
Vehicle Rental Costs	100.000	Electricity cost	13.461
Total Overhead Costs	193.461	Vehicle Rental Costs	100.000
		Total Overhead Costs	411.421
Total Cost of Production	3.020.221	**Total Cost of Production**	3.124.221

Calculation of Selling Price with Job Order Costing Method

Table 2. Selling price calculation to order 48 clothes Juni 2019 (According to the Company)

Full HP:	
Raw Material Costs	1.788.760
Direct labor costs	1.044.000
Variable Overhead Costs	113.461
Fixed Overhead Costs	80.000
Total Full Cost / COGS	3.020.221
30% mark up	906.066
Total Selling Price	3.926.287
Product Volume	48
Selling price	81.797

Table 3. Selling price calculation to order 48 clothes Juni 2019 (According to the Author's Analysis)

Full HP:	
Raw Material Costs	1.560.800
Direct labor costs	1.152.000
Variable Overhead Costs	11.3461
Fixed Overhead Costs	297.960
Total Full Cost / COGS	3.124.221
30% mark up	937.266
Total Selling Price	4.061.487
Product Volume	48
Selling price	84.614

4. Conclusion

From the analysis of the calculation of the cost of production to the selling price by the author and the company, the amount of the selling price for the order No. June 25, 2019 amounted to IDR 81,797 and IDR 84,614 as a result of this calculation there was a difference of IDR 2,817. This happens because in calculating the selling price the company does not record properly and lack information about the production costs that must be spent to produce an order.

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