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COST OF GOODS SOLD OF WAJIK AT CAP KUDA TERBANG SMALL AND MEDIUM ENTERPRISE IN BLITAR: AN ANALYSIS

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ABSTRACT

The purpose of this research was to determine the calculation of cost of goods sold of *Wajik* at Mrs. Sulasmi's *Cap Kuda Terbang* Small and Medium Enterprise (UKM) in Kademangan, Blitar Regency. This research was carried out to figure out how to determine the selling price of *Wajik*, and to analyze whether the selling price was appropriate. The research method used in this research was qualitative approach so that it can develop and obtain in-depth findings. Data were obtained through interviews and observations. The data of interview and observation were subsequently analyzed to find out how to determine the selling price of *Wajik* at UKM *Cap Kuda Terbang*, and to analyze whether the prize has yet to be appropriate. The technique used to check the validity of the data was the triangulation technique. Findings show that the cost of goods sold based on full costing method was higher than the cost of goods sold calculated by the company; it appears that there are differences in the calculation of cost of goods sold according to the company after being evaluated.

Keywords: *Cost of Goods Sold; Small and Medium Enterprises; Wajik*

INTRODUCTION

Cost accounting is part of two types of accounting, namely financial accounting and management accounting. Both accounting types are in common in terms of information processing system that produce financial information. According to Bastian and Nurlela (2013) cost accounting is an area of accounting – a part of financial accounting – that is interconnected in the reporting system and decision making. Therefore, cost accounting is a footage process that can analyze financial and non-financial reports related to the acquisition cost or human resources in determining the cost of a product or service. Cost accounting is also useful as a basis for making decisions.

Blitar city is one of the regions in Indonesia which is located in East Java Province. The city is surrounded by the regency areas. Blitar has the potential to be developed as an ecotourism area. Ecotourism is an activity where tourism focuses on the preservation of tourism resources. One of the ways undertaken by Blitar community to participate in preserving and developing tourism objects in Blitar is by producing Blitar's typical foods.

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One of the typical foods in Blitar which is quite attractive to women is *Wajik*. *Wajik* business continues to grow along with the concept of ecotourism. The community is invited to be involved in environmental conservation efforts and improve the welfare of local communities. *Wajik* is made of white sticky rice which are then added with brown sugar and white sugar, yet it does not include grated coconut in its process. The mixture of ingredients is heated to a boil, thick, and not sticky. The cooked *Wajik* is put into a pot as a package that has been given a plastic base and ready to be marketed. The unique taste and packaging make *Wajik* special in Blitar. One of the Small and Medium Enterprises (UKM) that produces *Wajik* is UD SULASMI CAP KUDA TERBANG.

The selling price of a company must be determined properly; firstly by knowing the cost of production of products that will be sold. An error in calculating the cost of production in a company might result in determining too-high or too-low selling price. This possibility can lead to unfavorable conditions for a company; if the selling price of a product is too low, the company's profit will be low, and it will bring about loss. On the contrary, if the selling price is too high, then it makes the products offered by the company will be challenging to compete with similar products on the market.

The main cost of production in the manufacture of products is divided into two cost, namely production cost and non-production cost. Production cost is cost expended in the processing of raw materials to become a finished product. On the other hand, non-production cost is cost expended after the production process is complete, namely marketing cost and general administrative activities (Mulyadi, 2012: 14). Meanwhile, according to Dunia and Abdullah (2012: 14) the cost of production is cost expended and related to production including the amount of raw material cost and direct labor cost. Hence, it can be concluded that the cost of production is any cost which is directly and indirectly expended to produce a product or service within a certain period.

To find out the appropriate selling price, it is also necessary to calculate the cost of goods sold. The cost of goods sold is a picture of the amount of expense that must be spent by a producer at the time of goods and services exchange (Mulyadi, 2012: 20). The cost of goods sold is obtained by comparing the total cost with the volume of products. The purpose of calculating the cost of goods sold is to determine the selling price in the market and the

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income earned in the exchange of goods or services, and to evaluate the efficiency of the production process (Rufaidah, 2012).

Mrs. Sulasmi's Small and Medium Enterprises (UKM) *Cap Kuda Terbang* is one of the UKM that has been growing up in Kademangan, Blitar Regency. This UKM is engaged in traditional food production; one of which is the production of *Wajik*. *Wajik* is a typical Balinese food that is often used as a dish during celebrations such as wedding and the Eid holiday. The composition of *Wajik* in Mrs. Sulasmi's UKM *Cap Kuda Terbang* includes sticky rice, brown sugar, and coconut milk. *Wajik* tastes sweet and its appearance is usually brown. The business opportunity for processing *Wajik* remains wide open due to its high purchasing ability in Blitar and the surrounding areas. This is also inseparable from the high domestic market demand ahead of the Eid holiday.

A lot of companies change their marketing strategy by placing customer satisfaction as the top priority and it is essential in directing their business activities. Companies must be able to produce quality products and services at prices which are appropriate with the resources that have been expended to be able to survive in the market. Companies are competing to produce quality products or services at affordable prices, thereby creating healthy and competitive competition. There are four methods in determining the proper selling price according to Mulyadi (2012: 54) as follows:

1. Normal Pricing

The manager who concludes the selling price requires the future full cost information as a basis for determining the selling price of products or services. This method is often referred to as cost plus pricing because the selling price is determined by adding to future cost with a mark up percentage.

2. Cost-Type Contract

The method of determining the selling price of products or services manufacture in which the buyer agrees to buy the product or service at a price based on the actual total cost expended by the producer, plus the profit calculated at a certain percentage of the actual total cost.

3. Special Order Sale Pricing

Special orders are orders that are received by a company outside of the company's regular

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orders. Normally, consumers who make this special order ask prices below the normal price. In many cases, the price requested by consumers is below full cost since special orders typically include large quantities.

4. The Selling Price of a company's products or services are regulated by the government companies

Products and services that are regulated by the government are produced to meet the basic needs of the wider community such as electricity, water, telephone, transportation, and postal services. The selling price of the products and services is then determined based on the full future cost plus the expected profit.

Mrs. Sulasmi's UKM *Cap Kuda Terbang* has a specific strategy and policy to survive and compete with its competitors. One of the policies set is determining the cost of production produced by the company so that the cost expended is more efficient in increasing productivity. The production results of a company are influenced by the purchase of raw materials, labor, and factory overhead cost. The workforce consists of employees who carry out the production process. Besides, overhead cost is also an important factor because during production process, there might be some additional cost. The data obtained in this research is useful in providing information for the future to improve what has been done in the past.

The management requires cost data to measure ongoing activities. Through this data, the management is possible to find out the cost before the production process begins; therefore, the selling price can be determined effectively. Considering that profits are vital to ensure the survival of a company, the researchers are interested in investigating the cost of goods sold at *Wajik* UKM till the proper selling price can be conquered.

RESEARCH METHOD

This research was a descriptive qualitative study. It was conducted at *UKM Cap Kuda Terbang*. The researcher conducted a direct interview with Mrs. Sulasri as the business owner, as well as people involved in the management of *Wajik* business. To ensure the validity of data, the researcher used triangulation technique; that is, checking the validity of the data that utilizes something other than the data for checking purposes or as a comparison

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of the data. The most widely used triangulation technique is by checking through other sources.

RESULTS AND DISCUSSION

Result

UKM *Cap Kuda Terbang* run by Mrs. Sulasmi is located on Jl. Diponegoro No. 14 Rejowinangun Village, Kademangan District, Blitar Regency. UKM *Cap Kuda Terbang* is situated in the south of Blitar City. The access to the location of UKM *Cap Kuda Terbang* is recognizable; from Kademangan traffic light crossroad, we head to the east until entering Rejowinangun Village. From the crossroad of Rejowinangun village, we should go around 100 meters to the north. UKM *Cap Kuda Terbang* owned by Mrs. Sulasmi is located on the west side of the street.

The main goal in establishing the bussiness was to fulfill Mrs. Sulasmi's family needs. The business which exists up to the present is expected to be a source of family income. In addition, the company has the goal of providing jobs for Mrs. Sulasmi's sons. Simply put, UKM *Cap Kuda Terbang* is established to provide more benefits for the family economy and create job field as well.

UKM *Cap Kuda Terbang* produces some traditional snacks, yet the researcers focused only on *Wajik* product. The production cost and the calculation of cost of goods sold from UKM *Cap Kuda Terbang* per package of *Wajik* are as follows:

Table 1: Main Ingredients Cost of *Wajik* Production at Mrs. Sulasmi's UKM in 2019

Ingredients	Necessity Per Production (kg)	Price @ Unit (kg)	Total Cost
Sticky Rice	25 kg	Rp. 15.000/kg	Rp. 375.000
Brown Sugar	15 kg	Rp. 16.000/kg	Rp. 240.000
Coconut	25 pcs	Rp. 5.000/pcs	Rp. 125.000
Total			Rp. 740.000

In producing *Wajik*, the cost of main ingredients per production process in 2019 was as follows: sticky rice cost Rp. 375.000; brown sugar cost Rp. 240.000, and big coconuts cost Rp. 125.000. Referring to Table 1, the total cost expended in the production of *Wajik* in 2019 was Rp. 740,000, which equals to 45 packages of *Wajik*.

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Table 2: The Direct Labor Cost of *Wajik* Production at Mrs. Sulasmi's UKM in 2019

Information	Total	Cost/person/production	Total Cost
Production	1 person	Rp. 80.000/person	Rp. 80.000
Total			Rp. 80.000

As shown in Table 2, direct laborers are those who work directly from preparing the materials until *Wajik* is ready to be sold. Every worker in the production department receives a wage per production. The production part consisting of 1 person was given a wage of Rp. 80.000. Thus, the amount of direct labor cost in one production of *Wajik* in 2019 was Rp. 80.000.

Table 3: Raw Material Cost of *Wajik* Production at Mrs. Sulasmi's UKM in 2019

Materials	Total Cost
<i>Wajik</i> package (<i>Besek</i>)	Rp. 38.000
Small Plastic Bag	Rp. 3.500
Firewood	Rp. 50.000
Solar	Rp. 10.000
Meals	Rp. 50.000
Total	Rp. 151.500

As Table 3 indicates, the cost of raw materials in the process of making *Wajik* was Rp. 151.500. The materials consist of: *Wajik* package (*Besek*) cost Rp. 38.000; small plastic bag used for the base of *Wajik* before being packaged cost Rp. 3.500; Firewood for *Wajik* cooking process cost Rp. 50.000; Solar cost Rp. 10.000; and meals for employees in a day cost Rp. 50.000.

Electricity cost

The electricity cost expended by UKM *Cap Kuda Terbang* was Rp. 150.000/month. Thus, the electricity cost per day was Rp. 150.000: 24 working day = Rp. 6.250.

Marketing Cost

UKM *Cap Kuda Terbang* owns a car for the purchase of production goods and other activities related to the company. The vehicle's fuel in a month cost Rp. 200.000. Therefore, the fuel per day cost Rp. 200.000: 24 working days = Rp. 8.333.3.

After knowing raw materials cost, direct labor cost, and factory overhead cost, the

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calculation of the production main cost per package of *Wajik* can be performed.

Table 4: The Calculation of Cost of Goods Sold of *Wajik* UKM in 2020

Analysis	Total
Raw Materials Cost	Rp.740.000
Direct Labor Cost	Rp. 80.000
Overhead Cost	Rp. 151.500
Production Main Cost	Rp. 946.500
The total of <i>Wajik</i> per production	45 packages
Main cost production of <i>Wajik</i> / pack	Rp. 21.588,88
Rounded	Rp. 21.600
Expected Profit by 15%	Rp. 3.240
Cost of Goods Sold	Rp. 24.840
Rounded	Rp. 25.000

The following is a method of calculating the selling price of *Wajik* at UKM *Cap Kuda Terbang* by using the full costing method:

Table 5: The Calculation of *Wajik* Selling Price Using Full Costing Method

Mrs. Sulasmi's UKM <i>Cap Kuda Terbang</i> The Calculation of Selling Price (Full Costing Method)	
Cost Production	
Raw Materials Cost	Rp.740.000
Direct Labor Cost	Rp. 80.000
Variable Factory Overhead Cost:	
Electricity Cost	Rp.6250
Total of BOP Variable	Rp. 6.250
Fixed Overhead Cost of Factory:	
Supporting Material Cost	<u>Rp. 151.500</u>
Total of Production Cost	Rp. 977.750
Non-Production Cost:	
Marketing Cost	<u>Rp. 8.333,3</u>
Total of Non-production Cost	Rp. 8.333,3
Full Cost Production	Rp. 986.083,3
Expected Profit by 15%	Rp. 147.912,49
Total of Normal Selling Price	Rp. 1.133.995,79
Normal Selling Price per Pack	Rp. 25.200

Discussion

Basically, the cost of goods sold is any cost expended to create a ready-for-sale

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product. In other words, the cost of goods sold is the cost involved in the process of making a product or directly related to the production process. According to Mulyadi (2012: 49), production cost is determined using full costing method, then what is included in the calculation of total production cost is raw materials cost + direct labor cost + variable factory overhead cost + factory overhead cost. Then, it is added with the total non-production cost (marketing cost).

The researchers evaluated the price calculation of *Wajik* sold at Mrs. Sulasmi's UKM *Cap Kuda Terbang* by using full costing method. In this method, any cost expended by the company is calculated, either production cost or non-production cost. The evaluation result indicates that the cost of goods sold using full costing method was higher than the calculation of the cost of goods sold by the company. It appears that there are differences in the calculation of the company's cost of goods sold after being evaluated. This occurred since the company did not calculate electricity cost and marketing cost, which are covered in the company's non-production cost.

CONCLUSION

The conclusions that can be drawn are as follows:

1. The cost of goods sold of *Wajik* at UKM *Cap Kuda Terbang* run by Mrs. Sulasmi is determined by calculating production cost and adding the expected profit by the company.
2. Calculation of the cost of goods sold of *Wajik* at UKM *Cap Kuda Terbang* is said to be less effective since the company has not taken into account the electricity cost and marketing cost in the calculation of production main cost; these cost are also expended by the company although they are not included in the production of one package of *Wajik*. This brings about differences in the selling price and result after being evaluated.

SUGGESTION

Suggestion that can be given is that a review should be done at UKM *Cap Kuda*

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Terbang dealing with *Wajik* production for the the company progress and sustainability. In this research, it was found unlisted cost expended by the company in the calculation of cost of goods sold. This possibly result in the company's lack of profits or even loss.

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