

Analysis of Determining the Cost of Goods and Applying the Cost Plus Pricing Method in Order to Determine the Selling Price at The Soto Abbas Madura Restaurant, Sidoarjo Branch

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ABSTRACT

Production costs are one part of determining the cost of products from RMSAM. Rumah Makan Soto Abbas Madura as well as knowing the determination of the price of RMSAM and can determine how much return on capital that has been issued so as to generate profits. RMSAM also as a business that makes food is also inseparable from the problem of achieving profit, and return on capital. The method used is a descriptive method using a qualitative approach can also use research for the calculation of the cost of goods produced and the collection of costs that have been incurred for the food business. For Return on Capital RMSAM business with the resulting production capacity. interview shows that RMSAM, experiencing stable financial conditions can even achieve maximum results. The costs that have been incurred should be used as an element of the calculation of the formation of the cost of goods produced and the determination of the selling price. RMSAM leaders should maintain and improve the business as well as possible and innovate if they want the business to survive as an advanced restaurant in the Madura area.

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1. INTRODUCTION

The development and condition of people's lives today can be seen, one of which is through the increase and lack of stability in the prices of basic goods, especially in the food section. This also results in competition among entrepreneurs, especially home business owner such as entrepreneurs, especially Abbas Restaurant which is growing rapidly at this time. Every business must be able to compete in the restaurant business competition. Owners are required to produce high quality products at competitive selling prices to achieve competition in the business. Setting a competitive selling price is not easy. The selling price is determined by consumer demand and supply. It is difficult for sellers to obtain a stable selling price. The number of competitors entering the market, consumer tastes, the selling prices of competitors' products are some of the factors that affect the formation of selling prices. A possible factor that can be used by management in shaping selling prices is cost.

In an effort to win interest in the eyes of buyers, management needs to know and make improvements through business owner policies, in terms of costs that have been incurred but also what costs should be, namely through setting costs and actual costs. Business owners must produce products with good quality to be accepted in the market, in order to win competition, especially with similar businesses. For this reason, entrepreneurs must always carry out restaurant policy steps through a production cost budget which greatly affects the acquisition price and selling price of the product. These steps can be carried out properly, it will help achieve efficient production costs which will later provide a satisfactory selling price for the company and customers.

Research Objectives

The purpose of this study was to determine the calculation of production costs and determination of selling prices at RMSA. Rumah Makan Soto Abbas.

Basic Accounting concepts

Accounting is different from bookkeeping. Bookkeeping only covers the activities of the entire reporting process, starting from identifying business transactions, recording, communicating (in the form of financial reports), to the stages of analysis and interpretation (Hery, 2015: 8). The role of accounting according to Slat (2013, 5) is very helpful for the smooth running of management tasks, especially in carrying out planning and supervision functions. Accounting is a process, art, or set of knowledge used to carry out an activity in a separate field which includes recording, classifying, summarizing, and reporting on an event or financial transaction in a company which then becomes the basis for decision making for interested parties (Pura, 2013: 4). (Pura, 2013: 4).

Cost concept

Cost is the value of cash or cash equivalents issued (charged) to obtain goods or services, which are expected to provide benefits to the organization at this time or in the future (Hery, 2015: 562). From the definition of existing costs, according to Firmansyah (2014: 25) costs have the following elements:

1. Cost is a sacrifice of economic resources
2. Costs can be measured in rupiah units
3. Cost is a sacrifice that has been made or will be made.
4. Cost is a sacrifice that has a purpose

Cost Object

Cost objects are the various products, services, customers, activities, or organizational units to which costs are charged for some specific management objectives (Blocher, Stout, and Cokins, 2013: 105).

The Role of Cost Accounting

The benefits of cost accounting itself are to present cost information for the calculation of the cost of goods produced, present cost information to assist management in planning and controlling data, and present cost information for decision making. Meanwhile, the objectives of cost accounting are determining COGS, providing cost information for management purposes, planning tools, cost control, introducing various methods, making specific decisions, calculating company profits in a certain period, calculating and analyzing the occurrence of ineffectiveness and inefficiency Firmansyah (2014: 13).

Cost Behavior

Based on cost behavior patterns, costs can be divided into fixed costs, variable costs, and semi-mixed costs (Hery, 2015: 566). Fixed costs are the part of total costs that do not change even if output changes within the relevant range. Variable costs are changes in total costs that are associated with each change in the number of cost drivers. Meanwhile, mixed costs are used to refer to total costs that include both fixed and variable cost components (Blocher, Stout, and Cokins 2013: 114).

Basic Accounting concepts

Selling price is the amount of money (plus some products if possible) to get a number of combinations of goods and services (Soeprihanto, cited in Samsul, 2013: 368). Determining the selling price is one of the management decisions. The life and death of the company in the long run depends on this pricing decision (Sodikin, 2015: 158).

Selling Price Strategy

Two forms of strategies that companies apply to determine the selling price of new products or services are (Pricilia, 2014: 1080):

- a. Strimming pricing, is a form of strategy for determining the selling price of a new product or service, by determining a relatively high initial selling price. The purpose of this strategy is for the company to obtain maximum profit in the short term.
- b. Penetration pricing, is a form of pricing strategy by setting a relatively low initial selling price, so that the company can gain a larger market share for the product or service in the short term.

Previous research

CFD (2023) with the research title on Price / Profit Analysis at Soto Abbas Restaurant. The purpose of the study was to determine and compare the process of allocating production costs, determining the cost of goods sold applied with the theory studied, as well as the overall systematic process of allocating production costs, determining the cost of goods and setting the selling price at Soto Abbas Restaurant. The research method used is descriptive method. The result of the research is that the selling price set at the Soto abbas madura restaurant is lower than the selling price based on the determination of the cost of goods sold using the variable costing and full costing methods. The similarities in the research are the research method and the research factors studied, namely the allocation of costs in the context of setting the selling price. The difference in research is in the object of research on Soto Abbas Madura Restaurant.

Slat (2023) in a study entitled Analysis of Cost of Goods with the Full Costing Method and Determination of Selling Prices at CV. Rumah makan Soto abbas madura. The purpose of the study was to evaluate the determination of the cost of goods and the determination of the selling price carried out at the Soto abbas Restaurant to compare with the method of determining the cost of goods with a full costing approach, and the method of determining the selling price based on the cost plus pricing method. The research method used is quantitative qualitative method with descriptive analysis method. The result of the research is that there are production costs that are not charged by the company in calculating the cost of goods produced, and the cost of goods produced is higher than it should be. The research equation is that the research analysis factor specializes in determining the selling price using the cost plus pricing method. The difference in research is that the previous researcher focused on the Full Costing method, while the current author raises two methods in Cost Plus Pricing. The object of previous researchers at CV. PT Anime Toure travel while the author conducted research at RM Soto Abbas madura.

Dani (2023) with the research title of Determination of Cost of Goods Produced in Determining Selling Prices. The purpose of the study was to determine whether the martabak selling price was in accordance with cost accounting calculations. The research method used is descriptive quantitative. The research results obtained are the determination of COGS calculations carried out using intuition or instinct from company leaders. The final result is that COGS according to the company is higher than COGS based on cost accounting calculations. The equation lies in the research objectives regarding the determination of the cost of goods in order to set the selling price. The difference in research lies in the object of research, previously the research was conducted at UD. Martabak Mas Narton while the author conducted research on Soto Abbas Madura Restaurant.

2. RESEARCH METHOD

Type of Research

The type of research used is a qualitative research method with descriptive analysis method because in its implementation includes data, analysis and interpretation of the meaning and data obtained.

Place and Time of Research

This research takes place at the Madura branch of Soto Abbas Restaurant which is located on Jl. Telang As for the time of data collection and processing, it is planned to start on October 18, 2023 until completion.

Research Procedure

The research procedures used in this study are:

- a. Collect information about the general description of the object of research Understand the process of recording costs, determining the cost of goods produced to determine the selling price of products on the object of research
- b. Testing the existing sample with the theory studied by the author
- c. Recalculate the cost of production obtained
- d. Draw conclusions and provide suggestions deemed necessary for improvement in overcoming the problem.

Data Collection Methods

To obtain data related to this research, the data collection methods used are as follows:

- a. Desk research
- b. Preliminary survey
- c. Field studies, conducting research directly to the object of research to obtain relevant data through interviews and data collection.
- d. Electronic media

Analysis Method

The analysis method used in this research is descriptive analysis method, which is a method carried out by collecting, presenting, and analyzing data so that a fairly clear picture of the problem at hand is obtained, then a conclusion is drawn according to the actual situation.

Data Sources and Definitions

The data that the author uses in this study are as follows:

- a. Primary data is raw data that the author obtains is a record of sales and expenses without any classification of costs sourced from business owners.
- b. Secondary data is the data used in this study is secondary data, namely in the form of methods of analyzing the management of production costs and setting selling prices at Soto Abbas Madura Restaurant.

3. RESULTS AND DISCUSSIONS

Overview of Research Objects

The research object in this article is Soto Abbas Restaurant, Madura Branch. The owner of this business is Mr. Abbas who started his business by selling using a small restaurant on the side of the road near the UTM campus. Since the start of the business until the time this research was conducted, Soto Abbas Madura Restaurant.

Soto Abbas is one of the restaurants whose main menu is Lamongan Chicken Soto and Sego Sambel. Soto Abbas has more than 57 branches in Surabaya, Sidoarjo, Gresik, Madura, Malang, Blitar and surrounding areas in 1997 when the restaurant was founded.

Table 1. Raw Material Costs of Soto abbas madura Rice Menu and Chicken Nugget Period 08 - 14 October 2023

Raw Materials	Cost
chicken	Rp 85,620,000
bumbu	Rp 15,686,500
water	Rp 16,500,000
rice	Rp 12,180,000
Total Raw Material Cost	Rp 129,986,500

Table 1 shows that during the period 08-14 October 2023 RM. Soto abbas madura spent Rp 129,986,500 on raw material costs. Or if calculated based on the number of servings produced, which is 5,000 servings, the cost of raw materials is IDR 24,797 per serving.

Direct Labor Costs Period 08 - 14 October 2023

Number of Workers	Number of Working Hours / Month	Monthly Salary	Hourly Wage	Wage per Day	Wages per Week
4	180	9,800,000	54,444	326,667	2,286,667

Direct labor costs incurred during one month amounted to IDR 9,800,000 or if calculated for one week when the research data was taken at IDR 2,286,667.

Table 3. Factory Overhead Costs of Soto abbas madura Restaurant Period 08 - 14 october 2023

Factory Overhead Costs	Fixed cost	Variable cost	Total Overhead Cost
Indirect Labor Cost	1,725,000		1,725,000
Electricity Cost	-	235,000	235,000
Water Cost	-	170,000	170,000
LPG Gas	-	3,785,000	3,785,000
Cost of Condiments	-	4,940,000	4,940,000
Cost of auxiliary materials	-	550,600	550,600
Fuel Cost	-	360,000	360,000
TOTAL	1,725,000	10,040,600	11,765,600

Table 4. Non-Production Costs of Soto abbas madura Restaurant Period 08 - 14 october 2023

Non-production Costs	Total Cost
Marketing Costs	
Service Department Labor Cost	IDR 5,585,333
Rental Fee	IDR 3,500,000
Total Marketing Cost	IDR 9,085,333
Administration & General Expenses	IDR 1,860,200
TOTAL	IDR 10,945,533

For each food menu in the Soto Abbas Madura Restaurant, the owner expects a profit of 30% of the total costs incurred.

Calculation of Cost of Goods Manufactured and Selling Price *Full Costing* Approach

Raw Material Cost		IDR 129,986,500
Direct Labor Cost	IDR 2,286,667	
Factory Overhead Cost		Rp 11,765,600 +

Total Production Cost IDR 144,038,767
 Cost of Goods Produced per Portion: IDR 137,994,767 / 5,000 servings = IDR 27,588.95
 Rounded off IDR 27,600

Markup Calculation:

Marketing, administration and general expenses	IDR10,945,533
Expected profit, 30% x IDR 146,875,300	IDR 44,062,590 +
Total	IDR 55,008,123

Production Cost IDR 144,038,767:

Markup Percentage 38,42%

Calculation of food selling price:

Production Cost IDR 144,038,767

Markup 38.42% IDR 144,038,767 IDR 55,008,123 +

Total Selling Price IDR 199,046,890

Selling Price Per Portion:

IDR 199,046,890 / 5,000 servings = IDR 39,809 Rounded IDR 40,900

Calculation of Cost of Goods Manufactured and Selling Price *Variable Costing*

Approach

Raw Material Cost IDR 129,986,500 Direct Labor Cost

Variable Factory Overhead Cost IDR 2,286,667 IDR 10,040,600 +

Total *Variable* Production Cost Rp 142,295,767 Cost of Goods

Produced per Portion:

IDR 142,295,767 / 5,000 servings = IDR 28,451.95 Rounded off IDR 28,500

Markup Calculation:

Fixed Cost IDR 11,765,600

Expected profit, 30% x IDR 146,875,300 IDR 44,062,590 +

Total IDR 55,828,190

Variable Cost IDR 142,295,767:

Markup Percentage 40,60%

Calculation of food selling price:

Variable Production Cost Rp 142,295,767

Markup 40.60% x Rp 142,295,767 IDR 57,757,465 +

Total Selling Price IDR200,05332

Selling Price Per Portion:

IDR 200,053,232 / 5,000 servings = IDR 40,010.64 Rounded off IDR 40,100

Table 5. Results of Analysis of Calculation of Cost of Goods Produced and Selling Price of RM Soto abbas madura

Menu Type		Applicable Selling Price		Cost of Goods Manufactured		Selling Price	
<i>Full Costing</i>		<i>Variable Costing</i>		<i>Full Costing</i>		<i>Variable Costing</i>	
Chicken rib soup	IDR 20,000	IDR 27,600	IDR 28,500	IDR 40,900	RP 40,100		
Chickenrice	IDR 13,000	IDR 27,600	IDR 28,500	IDR 40,900	RP 40,100		

Discussion

For the cost of production and selling price, the author assumes that the main raw materials used by these two menus are the same. This is supported by the data obtained by the author during the research. Apart from the confidentiality of data that cannot be published by the owner, another obstacle is the absence of adequate bookkeeping records to be able to classify costs in detail. The results of the existing research illustrate that the cost of goods produced and the selling price set at.

Soto Abbas Restaurant with the processed data obtained by the author are different. Where the current selling price is lower than the selling price based on the cost plus pricing method.

This is because the existing cost of goods manufactured is greater than that estimated by the owner. In determining the cost of goods produced, the owner only uses intuition and uses makeshift calculations without classifying the costs incurred, so that the cost of the products produced is calculated as a whole. Another cause is also due to the absence of adequate financial records so that the owner has difficulty in calculating the costs incurred including in calculating costs based on their classification. Likewise, research from Filisita (2012) with the title Analysis of Determination of Cost of Goods Sold in the Framework of Determining the Selling Price of Food.

4. CONCLUSION

The conclusions that the author draws during the research are: Cost plus pricing is a method of setting the selling price by calculating the costs incurred both production-related costs and production costs by adding the amount of these costs to the expected profit value. There is a difference in the analysis results between the two approaches in the cost plus pricing method. The final result of the analysis obtained, the selling price formed by variable costing is higher than the full costing approach. But when viewed from the cost of production, the variable costing approach produces a lower value than full costing. The selling price set by the current owner has a difference when calculated using the cost plus pricing method. Broadly speaking, the selling price set by the current owner is not a profitable price when compared to the selling price calculated by the author.

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