

## IMPLEMENTATION OF SAK ETAP CHAPTER 11 CONCERNING CALCULATION OF MERCHANDISE INVENTORY AT MITRA MILK STORE

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### ABSTRACT

*This study aims to determine the application of the method of recording and valuing merchandise inventory based on SAK ETAP CHAPTER 11 which is appropriate for Mitra Susu Stores. The type of data used is quantitative data and the data source used is primary data. The data analysis technique with the inventory recording system used is the Perpetual system and the inventory valuation method used is the FIFO method and the Average method. The conclusion obtained is that Toko Mitra Susu has not implemented Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP) CHAPTER 11, has not been recorded by any method which can cause errors in recording and calculating the valuation of merchandise inventory. The recording system that should be used is the perpetual system, because in this system the store does not have to carry out a physical inspection because it has been recorded in detail with an inventory card. The method that should be used is the FIFO method, because the COGS according to the FIFO method tends to be smaller than the Average method. Cost of Goods Sold will reduce income so that if the HPP is small it will increase profits, while a large HPP will reduce profits.*

**Keywords:** Inventory Calculation, FIFO, Average, SAK ETAP.

### 1. INTRODUCTION

UKM is an abbreviation of Small and Medium Enterprises which refers to the type of small business. SMEs are regulated in Bank Indonesia circular No.26/I/UKK dated 29 May 1993 concerning Small Business Credit (KUK) are businesses that have total assets of IDR 60 million (six hundred million rupiah) excluding the land or house they occupy. This definition of small business includes individual businesses, private business entities and cooperatives, as long as the assets they own do not exceed Rp. 600 million. (According to goukm.id, 2016)

SMEs in Indonesia are divided into four criteria, namely Livelihood Activities, namely Small and Medium Enterprises that are used as work opportunities to make a living, which are more commonly known as the informal sector. An example is street vendors. Micro Enterprise, is a Small and Medium Enterprises that has the nature of craftsmen but does not yet have entrepreneurial characteristics. Small Dynamic Enterprise, is a Small and Medium Enterprise that already has an entrepreneurial spirit and is able to accept subcontracting and export work. Fast Moving Enterprise, is a Small and Medium Enterprise that has an entrepreneurial spirit and will transform into a Large Enterprise (UB). (According to goukm.id, 2016)

Inventory is an investment in current assets and is one of the most active in its turnover, because sales and purchases of merchandise activities or transactions occur regularly, especially those whose main source of income is from the sale of merchandise such as trading companies. Every business activity has the goal of getting as much profit or profit as possible, before making a profit, every business activity must first maintain the continuity of its business so that it can survive for a long time and compete with other competitors.

In trading business activities whose main activity is the buying and selling of merchandise, an important factor in maintaining business continuity is the availability of sufficient inventory to meet consumer needs. However, excessive inventory will cause constraints and losses due to damage or expired goods due to inventory buildup.

SAK ETAP stands for Financial Accounting Standards for Entities Without Public Accountability, what is meant by ETAP is an entity that does not have significant public accountability and publishes financial reports for general purposes for external users. (IAI, 2009) SAK ETAP is stipulated by the Indonesian Accounting Association for Small and Medium Enterprises in Indonesia, which is intended for all business units to issue financial information according to predetermined standards, but with a simple application and not make it difficult for users. In SAK ETAP, inventory is discussed in CHAPTER 11 which regulates the scope, measurement and disclosure of inventory in a financial report.

In this study, the authors made Mitra Susu Store located at JL Pemuda Kranji No.78, West Bekasi, Bekasi City, West Java, as the object of research. In its business activities, Toko Mitra Susu is engaged in trading which sells milk with various brands for babies and toddlers of various ages. Mitra Susu stores must have inventory that is always available so that trading activities continue and to avoid errors in calculating the value of inventory in order to get the maximum profit on the sale of merchandise. Therefore inventory calculations need to use generally accepted standards so that errors do not occur in inventory recording.

Based on the description above, the author takes the title of Scientific Writing on "Implementation of SAK ETAP CHAPTER 11 concerning the calculation of merchandise inventory at Mitra Susu Stores".

## **2. LITERATURE REVIEW**

### **2.1 Financial Accounting Standards for Entities Without Public Accountability**

According to IAI (2016) Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP) are intended to be used by Entities Without Public Accountability (ETAP), namely entities that do not have significant public accountability; and issue financial reports for general purposes (general purpose financial statements) for external users. Examples of external users are owners who are not directly involved in managing the business, creditors and credit rating agencies.

SAK ETAP aims to create flexibility in its application and is expected to provide easy access for ETAP to funding from banks. SAK ETAP is an SAK that stands alone and does not refer to General SAK, mostly using the historical cost concept; manage transactions conducted by ETAP; a simpler form of arrangement in terms of accounting treatment and relatively unchanged over the years.

### **2.2. Inventory Types**

Baridwan (2011: 150) suggests that there are 4 things which are types of inventory, namely as follows:

In a trading company, goods purchased with the aim of being resold are entitled merchandise inventory. For industrial companies, inventory owned consists of several different types, namely:

- a. Auxiliary materials  
Raw materials are goods that will become part of a finished product whose costs can easily be followed. Meanwhile, supporting materials are goods that are also part of the finished product but the amount is relatively small or the cost is difficult to follow. For example in a furniture company, raw materials are wood, rattan, angle iron, supporting materials are nails, putty.
- b. Factory Supplies  
Are goods that have the function of expediting the production process, for example engine oil, engine cleaning agents..
- c. Goods in process  
Are goods that are being worked on (processed). In order to be sold, further work is needed.
- d. Finished product  
Namely goods that have been completed in the production process and are waiting for the moment of sale.

## **3. RESEARCH METHODS**

The object of research in this writing is Mitra Susu Store which is engaged in selling various brands and types of milk for babies to toddlers and various needs from babies to children such as diapers, powder and others. Mitra Susu shop is located at JL. Pemuda Kranji No.78, West Bekasi, Bekasi City, West Java.

### **3.1. Jenis dan Sumber Data**

Primary data is data obtained by the author directly from the original source (not through intermediary media), in this case, the inventory report for dairy products. The data was obtained through interviews which were then reprocessed by the author. Secondary data is data obtained by researchers from existing sources and has been processed, such as data from books and other sources of literature.

### **3.2. Analysis Techniques**

The analytical tool used by the author to process the data that has been obtained is descriptive analysis. The data application technique used by the author is based on SAK ETAP CHAPTER 11 (2009).

#### **1. Perpetual Recording System**

In a perpetual system, inventory is always recorded every time a transaction involving inventory occurs, so that the ending inventory value and cost of goods sold for one period can be determined directly through the accounting records.

#### **2. Inventory Valuation Method**

- a. FIFO (First In First Out) Method

This method assumes that the units of inventory purchased first will be used first so that the units in ending inventory consist of the last items entered or the most recently available.

b. Weighted Average Method (Weighted Average)

Formula:

$$\text{HPP/Unit} = \frac{[\text{Total Initial Balance} + \text{Purchase Amount}]}{[\text{Initial Balance Unit} + \text{Purchasing Unit}]}$$

$$\text{HPP sold} = [\text{Units sold} \times \text{HPP per unit}]$$

$$\text{Ending Balance} = [(\text{Total of Initial Balance} + \text{Purchased Amount}) - \text{HPP sold}]$$

4. RESULTS AND DISCUSSION

4.1. Research data

Mitra Susu shop is engaged in buying and selling products needed by babies up to 5 years old children such as soap, shampoo, oil and milk from various trademarks and various flavors. With a wide variety of goods and brands sold by Mitra Susu Stores, the author tries to limit the data that will be processed and researched to the supply of milk that occurred in November 2019.

This chapter will present the total purchases and sales of dairy products in November 2019 in tabular form to facilitate the calculation of perpetual FIFO (First In First Out) inventories and Weighted Average.

Table 1. Data on the supply of SGM Soya 3 Vanilla 700 g milk for the November 2019 period

DATE	DESCRIPTION	UNIT	PRICE/UNIT	TOTAL
01/11/2019	Inventory	33	Rp 91,000	Rp 3,003,000
02/11/2019	Sale	4	Rp 95,000	Rp 380,000
04/11/2019	Sale	1	Rp 95,000	Rp 95,000
07/11/2019	Sale	2	Rp 95,000	Rp 190,000
09/11/2019	Sale	3	Rp 95,000	Rp 285,000
12/11/2019	Sale	1	Rp 95,000	Rp 95,000
13/11/2019	Sale	1	Rp 95,000	Rp 95,000
16/11/2019	Sale	3	Rp 95,000	Rp 285,000
18/11/2019	Sale	1	Rp 95,000	Rp 95,000
21/11/2019	Sale	1	Rp 95,000	Rp 95,000
26/11/2019	Sale	1	Rp 95,000	Rp 95,000
30/11/2019	Sale	3	Rp 95,000	Rp 285,000

4.2. Discussion

4.2.1. Perpetual FIFO method

Table 2. SGM Soya Milk 3 Vanilla 700 g Inventory Card for November 2019

(In rupiah)

DATE	Purchases			Sale			Inventory Balance		
	Unit	PRICE	Total	Unit	PRICE	Total	Unit	PRICE	Total
01/11/19							33	91,000	3,003,000
02/11/19				4	91,000	364,000	29	91,000	2,639,000
04/11/19				1	91,000	91,000	28	91,000	2,548,000
07/11/19				2	91,000	182,000	26	91,000	2,366,000
09/11/19				3	91,000	273,000	23	91,000	2,093,000
12/11/19				1	91,000	91,000	22	91,000	2,002,000
13/11/19				1	91,000	91,000	21	91,000	1,911,000
16/11/19				3	91,000	273,000	18	91,000	1,638,000
18/11/19				1	91,000	91,000	17	91,000	1,547,000
21/11/19				1	91,000	91,000	16	91,000	1,456,000

26/11/19				1	91,000	91,000	15	91,000	1,365,000
30/11/19				3	91,000	273,000	12	91,000	1,092,000
<b>TOTAL</b>				<b>21</b>		<b>1,911,000</b>	<b>12</b>		<b>1,092,000</b>

Source: Processed data

- Information :

Cost of Goods Sold = IDR 1,911,000

Ending Inventory Value = IDR 1,092,000

From the table above it can be seen that the total ending inventory for SGM Soya 3 Vanilla milk 700 g using the perpetual FIFO method is 12 units with a balance of IDR 1,092,000 and Cost of Goods Sold of IDR 1,911,000.

#### 4.2.2. Perpetual Weighted Average Method

Table 3. SGM Soya Milk 3 Vanilla 700 g Inventory Card for November 2019

(In rupiah)

DATE	Purchases			Sale			Inventory Balance		
	Unit	PRICE	Total	Unit	PRICE	Total	Unit	PRICE	Total
01/11/19							33	91,000	3,003,000
02/11/19				4	91,000	364,000	29	91,000	2,639,000
04/11/19				1	91,000	91,000	28	91,000	2,548,000
07/11/19				2	91,000	182,000	26	91,000	2,366,000
09/11/19				3	91,000	273,000	23	91,000	2,093,000
12/11/19				1	91,000	91,000	22	91,000	2,002,000
13/11/19				1	91,000	91,000	21	91,000	1,911,000
16/11/19				3	91,000	273,000	18	91,000	1,638,000
18/11/19				1	91,000	91,000	17	91,000	1,547,000
21/11/19				1	91,000	91,000	16	91,000	1,456,000
26/11/19				1	91,000	91,000	15	91,000	1,365,000
30/11/19				3	91,000	273,000	12	91,000	1,092,000
<b>TOTAL</b>				<b>21</b>		<b>1,911,000</b>	<b>12</b>		<b>1,092,000</b>

Source: Processed Data

- Information :

Cost of Goods Sold = IDR 1,911,000

Ending Inventory Value = IDR 1,092,000

Based on the table above, it can be seen that the ending inventory value for SGM Soya 3 Vanilla 700 g using the Average perpetual method is 12 units with a balance of IDR 1,092,000 and Cost of Goods Sold of IDR 1,911,000.

#### 4.2.3. Summary of Research Results

After calculating the valuation of merchandise inventory for each milk product sold in November 2019 using the FIFO and Average methods, a comparison can be seen between the ending inventory value and the HPP. Comparison of COGS and ending inventory value according to the FIFO method and the Average method can be seen in the following table:

Table 4. Comparison of Cost of Goods Sold for November 2019

INFORMATION	FIFO	AVERAGE
Bebelac 3 Madu 800g	Rp 3,894,000	Rp 3,898,216
Bebelac 3 Vanila 800g	Rp 3,084,000	Rp 3,090,000
Bebelac 4 Madu 800g	Rp 3,661,000	Rp 3,665,213
Bebelac 4 Vanila 800g	Rp 2,931,000	Rp 2,931,850

Bebelove 1 800g	Rp 4,566,000	Rp 4,570,000
Bebelove Gold 1 700g	Rp 1,834,000	Rp 1,837,360
Dancow 1+ Madu 800g	Rp 8,090,000	Rp 8,091,164
Dancow 1+ Vanila 800g	Rp 5,254,000	Rp 5,255,600
Dancow 3+ Madu 800g	Rp 8,424,500	Rp 8,426,860
Dancow 3+ Vanila 800g	Rp 6,841,500	Rp 6,842,904
Dancow 5+ Madu 800g	Rp 3,534,500	Rp 3,536,580
Dancow 5+ Vanila 800g	Rp 942,000	Rp 942,000
Frisian Flag Jelajah Madu 800g	Rp 2,911,000	Rp 2,911,000
Frisian Flag Karya Vanila 800g	Rp 1,065,000	Rp 1,065,000
Frisian Flag Langkah 800g	Rp 1,750,500	Rp 1,751,857
Lactogrow 3 Madu 750g	Rp 3,677,000	Rp 3,678,400
Lactogrow 3 Vanila 750g	Rp 1,360,000	Rp 1,361,818
Lactogrow 4 Madu 750g	Rp 3,921,000	Rp 3,923,769
S-26 Procal Gold 900g	Rp 4,887,000	Rp 4,887,000
S-26 Procal Reg 700g	Rp 4,662,000	Rp 4,663,333
S-26 Promil 1 Gold 400g	Rp 1,360,000	Rp 1,360,000
S-26 Promise Gold 900g	Rp 2,410,000	Rp 2,410,000
S-26 Promise Reg 700g	Rp 2,883,000	Rp 2,886,457
SGM 1+ Madu 900g	Rp 13,251,000	Rp 13,252,097
SGM 1+ Vanila 900g	Rp 8,971,000	Rp 8,975,108
SGM 3+ Madu 900g	Rp 6,555,000	Rp 6,555,000
SGM 3+ Vanila 900g	Rp 4,485,000	Rp 4,485,000
SGM Ananda 0-6 1000g	Rp 4,040,500	Rp 4,043,476
SGM Ananda 6-12 1000g	Rp 5,479,000	Rp 5,480,538
SGM Soya 3 Vanila 700g	Rp 1,911,000	Rp 1,911,000

Table 5. Comparison of End of November 2019 Inventory Values

INFORMATION	FIFO	AVERAGE
Bebelac 3 Madu 800g	Rp 3,450,000	Rp 3,445,784
Bebelac 3 Vanila 800g	Rp 2,070,000	Rp 2,064,000
Bebelac 4 Madu 800g	Rp 2,835,000	Rp 2,830,787
Bebelac 4 Vanila 800g	Rp 1,785,000	Rp 1,784,150
Bebelove 1 800g	Rp 2,620,000	Rp 2,616,000
Bebelove Gold 1 700g	Rp 2,370,000	Rp 2,366,640
Dancow 1+ Madu 800g	Rp 1,264,000	Rp 1,262,836
Dancow 1+ Vanila 800g	Rp 632,000	Rp 630,400
Dancow 3+ Madu 800g	Rp 3,634,000	Rp 3,631,640
Dancow 3+ Vanila 800g	Rp 948,000	Rp 946,596
Dancow 5+ Madu 800g	Rp 632,000	Rp 629,920
Dancow 5+ Vanila 800g	Rp 1,648,500	Rp 1,648,500
Frisian Flag Jelajah Madu 800g	Rp 1,704,000	Rp 1,704,000
Frisian Flag Karya Vanila 800g	Rp 1,562,000	Rp 1,562,000
Frisian Flag Langkah 800g	Rp 1,453,500	Rp 1,452,143
Lactogrow 3 Madu 750g	Rp 1,204,000	Rp 1,202,600

Lactogrow 3 Vanila 750g	Rp 1,961,000	Rp 1,959,182
Lactogrow 4 Madu 750g	Rp 1,476,000	Rp 1,473,231
S-26 Procal Gold 900g	Rp 6,787,500	Rp 6,787,500
S-26 Procal Reg 700g	Rp 1,812,000	Rp 1,810,667
S-26 Promil 1 Gold 400g	Rp 2,584,000	Rp 2,584,000
S-26 Promise Gold 900g	Rp 3,374,000	Rp 3,374,000
S-26 Promise Reg 700g	Rp 2,893,000	Rp 2,889,543
SGM 1+ Madu 900g	Rp 2,442,000	Rp 2,440,903
SGM 1+ Vanila 900g	Rp 2,294,000	Rp 2,289,892
SGM 3+ Madu 900g	Rp 966,000	Rp 966,000
SGM 3+ Vanila 900g	Rp 966,000	Rp 966,000
SGM Ananda 0-6 1000g	Rp 1,987,500	Rp 1,984,524
SGM Ananda 6-12 1000g	Rp 1,600,000	Rp 1,598,462
SGM Soya 3 Vanila 700g	Rp 1,092,000	Rp 1,092,000

Based on the table above, it can be seen that the comparison of COGS values according to the FIFO method tends to be smaller than the Average method although not too significant, while the ratio of NPA (End of Inventory Value) according to the FIFO method tends to be greater than the Average method. The HPP in the FIFO method produces a smaller value because it uses the actual purchase price, while the Average method tends to be larger because it produces a new value from the average of the two purchase prices. For the calculation of HPP, the FIFO method is superior because the product HPP is smaller and more stable.

Based on the calculation value that has been done, the shop should use the FIFO method, because the HPP will reduce income so that if the HPP is small it will increase profits, while a large HPP will reduce profits. However, when viewed from the generated tax side, the average method produces less tax, because the Average method produces a larger HPP so that the profit generated is smaller and the tax paid is also smaller.

## 5. CONCLUSION AND SUGGESTIONS

### 5.1 Conclusion

Based on the results of the research described in the previous chapter, it can be concluded that:

1. The recording of merchandise inventory at Mitra Susu Stores has not implemented the Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP) CHAPTER 11.
2. The recording system that should be used is the perpetual system, and the method that should be used is the FIFO method, because the COGS according to the FIFO method tends to be smaller than the Average method.

### 5.2 Suggestion

Stores should apply Financial Accounting Standards for Entities Without Public Accountability, especially CHAPTER 11 regarding inventory so that the resulting financial reports show good estimates, and to make it easier to record and evaluate inventory, it is better to use inventory cards.

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