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Analysis of the Application Activity-Based Costing Cost of Production Bens Qurban

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Abstract

Cost of Production or product cost is an important element to assess the success (performance) of a trading or manufacturing company. Cost of production is related to indicators of the company's success, such as gross sales profit, net profit. The calculation of cost of productions (COP) is all production costs used to process a raw material into goods.to process a raw material into finished goods in a certain period of time. The research focused on the products BENS QURBAN Delivery, Titip Sembelih and Praktis. The research begins with an exploration of what activities will affect the occurrence of production costs charged to these products. In this study, the main focus of research is to analyze the object of research by making descriptions and grouping them into categories of costs and activities in more detail in determining the cost of production. The determination of cost drivers for each activity determines the accuracy of factory overhead costing. COP calculation with ABC method results in overcosting conditions for BENS QURBAN delivery products and under costing for BENS QURBAN Titip Sembelih and Praktis compared to hpp with traditional methods because the Activity Based Costing (ABC) method charges activities and activity costs in more detail for each product.

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1. Introduction

Determination of the cost of production is very important for a business field. This is related to profit generation, efficiency of production costs and raw materials. Obtaining profits and avoiding losses is certainly done by determining the right business strategy, one of which is by determining the right cost of goods produced in the midst of intense business competition and demanding companies to be more innovative and creative with their products. This can provide an opportunity for companies to get information about what production activities require high costs and

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the production raw materials used. The cost of production must include all direct and indirect costs in the production process.

Cost of Production or product cost is an important element to assess the success (performance) of a trading or manufacturing company. Cost of production is related to indicators of the company's success, such as gross sales profit, net profit. In a company, of course, it consists of work fields that focus on business activities such as production, administration, finance to marketing. So this causes a lot of costs to be charged to the cost of production. This is done to optimize the competitiveness of the product so as to get maximum profit. However, setting the highest selling price is not the only way to get profit because it will actually reduce the competitiveness of the product. Fluctuations in the price of production raw materials can also determine business strategies dynamically(1).

The traditional system of determining the cost of production is still widely used today due to the lack of sensitivity of business people to the importance of determining the cost of production. Many costs that should be charged to the cost of goods are not charged because they are considered not directly involved in the production process. This can lead the company to incur losses if the company involves many production activities or more complex equipment.

The calculation of cost of productions (COP) is all production costs used to process a raw material into goods.to process a raw material into finished goods in a certain period of time. Inaccuracy in the calculation of the cost of production has a detrimental impact on the company, because the cost of production serves as the basis for setting selling prices and profits, as a tool for measuring the efficiency of the implementation of the production process and as a basis for decision making for company management. Therefore, a new method of calculating the cost of production has emerged, known as the Activity Based Costing (ABC) system(2).

Activity Based Costing (ABC) is a method for calculating costs (costing) which has the main objective of providing information, especially costs for internal parties such as managers as a basis for making strategic decisions and other interrelated decisions(3).

PT Tripta Abyapta Sentosa is a company engaged since 2013 in the field of sheep cultivation, sheep slaughtering, processing of sheep products, etc. in the 2024 qurban period, the company has 3 production offered, namely BENS QURBAN delivery, Titip Sembelih and Praktis. The calculation of Cost of production applied by the company still uses the traditional method where the costs of activities consumed during the production process are charged uniformly to all units of their products even though in the production process there are differences in the costs of activities consumed.

2. Method

The research was conducted using a qualitative descriptive method. The research was conducted at PT Tripta Abyapta Sentosa located at Kp. Cipeteuy no.79 RT / RW 02/06, Cikeas, Kec. Sukaraja, Bogor City, West Java. The research focused on the products BENS QURBAN Delivery, Titip Sembelih and Praktis. The research begins with an exploration of what activities will affect the occurrence of production costs charged to these products. In this study, the main focus of research is to analyze the object of research by making descriptions and grouping them into categories of costs and activities in more detail in determining the cost of production. Activity Based Costing (ABC) is a system for calculating each cost incurred in each activity with a different allocation for each activity.(4)

The activity-based costing system is a two-stage process, namely by tracing costs to activities and then tracing costs to products. Activity-based costing (ABC) assigns manufacturing overhead costs to products in a more logical way than the traditional approach of allocating costs based on machine hours. Activity-based costing first assigns costs to the activities that are the true causes of overhead costs, then assigns those activity costs only to the products that actually demand the activity.(5)

The research data search was carried out by means of direct observation and interviews at PT Tripta Abyapta Sentosa to trace the activities and production costs of BENS QURBAN Delivery, Titip Sembelih and Praktis. After the data is obtained in the form of raw material costs, direct labor costs and also other costs consumed during the production process which are then categorized into factory overhead costs. The following is a table of production costs of BENS QURBAN Domba Tanduk L at PT. Tripta Abyapta Sentosa:

Table 1 : Production Cost of BENS QURBAN 2024

No.	Description	Nominal
1	Raw Material costs	Rp. 2.436.832
2	Direct Labor Costs	Rp. 5.092.800
3	Factory Overhead Costs	Rp. 36.736.777

Source: PT. Tripta Abyapta Sentosa

The company applies the traditional method in calculating its Cost of Production (COP). In the traditional method, all costs including factory overhead costs are charged directly to the product. In the traditional method, the number of cost groups used in the traditional method is only one, namely the number of production units(6). Where in the qurban period of 2024, PT. Tripta Abyapta Sentosa recorded sales of BENS Qurban Domba Tanduk L of 81 units.

Table 2. Cost of Production in Traditional Method

No.	Description	Nominal
1.	Raw Material Costs	Rp. 197.383.392
2.	Direct Labor Costs	Rp. 5.092.800
3.	Factory Overhead Costs	Rp. 36.736.777
	Cost of Production (COP)	Rp. 239.212.969
	COP unit	Rp. 2.953.247

The Activity Based Costing (ABC) method begins by classifying activities into four levels of activity.

1. Unit level
2. Batch level
3. Product Level
4. Facility Level

Activity grouping is done based on logically correlated and has the same consumption ratio for each product(5). Next is to determine the right cost driver for each activity that has been grouped at each level. Cost drivers are measurable factors used to charge costs to activities and from activities to other activities, products or services. Determining the number of cost drivers needed is based on the desired accuracy of the product cost report and the complexity of the company's output composition. The more cost drivers used, the more accurate the production cost report(7). Factory overhead costs often referred to as general factory costs are all production costs other than raw material costs and direct labor costs. Therefore, factory overhead costs also include the cost of auxiliary materials, salaries and wages of indirect labor and other indirect production costs. Depreciation costs or rental costs of machinery, production machinery in companies that produce more than one type of product, are examples of factory overhead costs(8). Factory overhead costs are charged to products based on the calculated cost drivers and pool rates.

Pool rates are calculated for a specific group of activities divided by the basis of the activity measure for that group(9). The COP of the ABC method is obtained by summing the cost of raw materials, direct labor costs with factory overhead costs obtained by the ABC method. which is then compared with the COP determined by the company using traditional methods. Determination of the correct cost of production is very important because it can be related to the profit that the company will get(10).

3. Results

The data that the author gets consists of 2 types of research data, namely qualitative data and quantitative data. Qualitative data includes such as the description of activities and activity costs that affect production which then the author processes the data by classifying it based on its category. Quantitative data includes financial data regarding the determination of the COP of BENS QURBAN which will then be compared with the results of the calculation of the COP with ABC method. This Research used a sample of Qurban animal type L Domba Tanduk with product categories BENS QURBAN Delivery, Titip Sembelih and Praktis. There are price differences in each product even though it is the same type of qurban animal, namely Domba Tanduk L. PT. Tripta Abyapta Sentosa recorded sales of BENS Qurban Domba Tanduk L of 81 units.

Table 3. Sales data details of BENS QURBAN Domba Tanduk L

No.	Animal Type	Unit
1.	Domba Tanduk *Delivery*	67
2.	Domba Tanduk Titip Sembelih	7
3.	Domba Tanduk Praktis	7
	Total sales	81

Source : PT. Tripta Abyapta Sentosa

Table 3 shows the sales results of Domba Tanduk L delivery 67 units, Domba Tanduk L Titip Sembelih 7 units and Domba Tanduk L Praktis as many as 7 units.

Table 4. Factory Overhead Costs of BENS QURBAN Domba Tanduk L

NO	DESCRIPTION	Nominal
1	Operational Costs Qurban	Rp. 5.092.800
2	Feed costs Qurban	Rp. 2.148.272
3	Shipping Cost *Domba Tanduk* L Delivery	Rp. 10.739.041
4	"Paxel" Meat Shipping Costs for *Titip Sembelih*	Rp. 6.468.964
5	"Lion Parcell" Souvenir Shipping costs for *Praktis*	Rp. 294.760
6	Equipment Costs	Rp. 204.584
7	Administration Costs	Rp. 7.840
8	Marketing Fee Qurban	Rp 3.943.000
9	Advertisement Costs	Rp. 2.340.000
10	Qurban Souvenir Costs	Rp. 2.880.00
11	Gathering Costs	Rp. 3.040.000
12	Building Depreciation	Rp. 17.500
13	electricity	Rp. 96.210
14	additional labor costs	Rp. 1.092.000
Factory Overhead Costs		**Rp. 41.829.577**

Source : PT. Tripta Abyapta Sentosa

Based on the table above, Bens qurban production process consumes factory overhead costs of Rp.41,829,577. The next step is to classify activities and activity costs into activity levels: unit level, batch level, product level and facility level. and also determine the cost driver for each activity.

Table 5. Factory Overhead Costs Based on Cost Drivers and Activity Levels

No.	Activity	*Cost Driver*	Activity costs
1.		***Unit Level***	
a.	Feed Costs	Number of unit	Rp. 10.739.041
b.	"Paxel" Meat Shipping for *Titip Sembelih*	Number of *Titip Sembelih*	Rp.294.760
c.	"Lion Parcell" Souvenir Shipping for *Praktis*	Number of Praktis	Rp. 204.584
d.	Qurban Souvenir Costs	Number of Praktis	Rp. 2.880.000
e.	Shipping Costs for Delivery	Number of *Delivery*	Rp. 6.468.964
2.		***Batch Level***	
a.	Operational Costs	Number of Unit	Rp. 2.148.272
b.	Equipment Costs	Number of Unit	Rp. 3.464.606
c.	Marketing Fee	Number of Unit	Rp. 3.943.000
d.	Electricity	kWh	Rp. 96.210
e.	Additional Labor Costs 3 months	Working hours for 3 months	Rp. 600.000
f.	Additional Labor Costs 6 weeks	Working hours for 6 weeks	Rp. 460.800
g.	Additional Labor Costs	Daily working hours	Rp. 31.200
h.	Administration Costs	Number of Unit	Rp. 7.840
3.		***Product Level***	
a.	Advertistment Costs	Number of Unit	Rp. 2.340.000
4.		***Facility Level***	
a.	Gathering Costs	Number of Workers	Rp. 3.040.000
b.	Building Depreciation	Area	Rp. 17.500

After determining the cost driver for each activity, the next step is to determine the allocation of the cost driver amount to each product.

Table 6. Cost Driver Amount of Each Product

No.	*Cost driver*	*Delivery*	Titip Sembelih	Praktis	Total
1.	Number of unit	67	7	7	81
2.	Number of Unit Praktis	0	0	7	7
3.	Number of Unit Titip Sembelih	0	7	0	7
4.	Number of Unit Delivery	67	0	0	67
5.	KWh	22,2	22,2	22,2	66,6
6.	Working hours for 3 months	416	416	416	1248
7.	Working hours for 6 weeks	192	192	192	576
8.	Daily working hours	8	8	8	24
9.	Number of workers	10	10	10	30
10.	Area	347,4	36,3	36,3	420

Table 6 shows the amount of cost drivers for each product. With this, the pool rate can be calculated by calculating the total cost of each homogeneous cost driver divided by the cost driver.

Table 7. Pool Rate

Unit Level	
Cost Pool I	**Cost**
Feed Costs	Rp. 10.739.041
Total cost	Rp. 10.739.041
Number of Unit	**81**
Pool Rate I	Rp.132.581
Cost Pool II	**Cost**
"Paxel" Meat Shipping for *Titip Sembelih*	Rp. 294.760
Total Cost	Rp. 294.760
Number of Unit Titip Sembelih	**7**
Pool Rate II	Rp. 42.109
Cost Pool III	**Cost**
"Lion Parcell" Souvenir Shipping for *Praktis*	Rp. 204.584
Qurban Souvenir Costs	Rp. 2.880.000
Total Costs	Rp. 3.084.584
Number of unit Praktis	**7**
Pool Rate III	Rp. 440.654
Cost Pool IV	**Cost**
Transportation Cost	Rp. 6..468.964
Total Cost	Rp. 6..468.964
Number of Unit Delivery	**67**
Pool Rate IV	Rp. 96.552
Batch Level	
Cost Pool V	**Cost**
Operational Costs	Rp. 2.148.272
Equipment Costs	Rp. 3.464.606
Marketing Fee	Rp. 3.943.000
Administration Costs	Rp. 7.840
Total Costs	Rp. 9.563.718
Number of Unit	**81**
Pool Rate V	Rp. 118.071
Cost Pool VI	**Cost**
Electricity	Rp. 96.210
Total kWh	**66,6**
Pool Rate VI	Rp. 1.444,70
Cost Pool VII	**Cost**
Additional Labor Costs for 3 months	Rp. 600.000
Total Costs	Rp. 600.000
Cost Pool VII	**Cost**
Working hours for 3 moths	**1248**
Pool Rate VII	Rp. 481
Cost Pool VIII	**Cost**
Additional Labor Costs for 6 weeks	Rp. 460.800
Total Costs	Rp. 460.800
Working hours for 6 weeks	**576**
Pool Rate VIII	Rp. 800
Cost Pool IX	**Cost**
Additional daily Labor Costs	Rp. 31.200
Total Costs	Rp. 31.200
Daily working hours	**24**
Pool Rate IX	Rp. 1.300
Product Level	
Cost Pool X	**Cost**
Advertisement Costs	Rp. 2.340.000

Total Costs	Rp. 2.340.000
Number of Unit	**81**
Pool Rate X	Rp. 28.889
Facility Level	
Cost Pool XI	**Cost**
Gathering Costs	Rp. 3.040.000
Total Costs	Rp. 3.040.000
Number of Workers	**30**
Pool Rate XI	Rp. 101.333
Cost Pool XII	**Cost**
Building Depreciation	Rp. 218.750
Total Costs	Rp. 218.750
Area	420
Pool Rate XII	Rp. 521

Table 7 is the calculation of the pool rate. the pool rate will be used to find factory overhead costs. the calculation is done by charging the pool rate to each product based on the amount of cost drivers in each product. the calculation is also done based on the level of activity so that the factory overhead costs of each product will be obtained as well as the overall factory overhead costs.

Table 8. Factory Overhead Costs

Description	Delivery	Titip Sembelih	Praktis	Total
Total unit-level activity	Rp. 15.351.911	Rp. 1.222.830	Rp. 4.012.652	Rp. 20.587.393
Total Batch-level activity	Rp. 8.306.925	Rp. 1.222.665	Rp. 1.222.65	Rp. 10.752.256
Total Product-level Activity	Rp. 1.935.563	Rp. 202.223	Rp. 202.223	Rp. 2.340.009
Total Facility-level Activity	Rp. 1.194.328	Rp. 1.032.245	Rp. 1.032.245	Rp. 3.258.818
Total Factory Overhead Costs	**Rp. 26.788.728**	**Rp. 3.679.963**	**Rp. 6.469.785**	**Rp. 36.938.476**

The table above shows the factory overhead cost of BENS QURBAN delivery is Rp. 26,778,728, BENS QURBAN Titip slaughter is Rp. 3,679,963 and BENS QURBAN Practical is Rp. 6,469,785. the total factory overhead cost is Rp. 36,938,476.

The calculation of the cost of production is done by summing up the cost of raw materials with direct labor costs and also factory overhead costs. The calculation is carried out in each product because it has a different number of units. this determines when looking for the cost of production per unit.

Table 9. Cost of Production BENS QURBAN with ABC Method

Description	BENS QURBAN Delivery	BENS QURBAN Titip Sembelih	BENS QURBAN Praktis
Raw Materials Costs	Rp. 163.267.744	Rp. 17.057.824	Rp. 17.057.824
Direct Labor Costs	Rp. 1.697.600	Rp. 1.697.600	Rp. 1.697.600
Factory Overhead Costs	Rp. 26.788.728	Rp. 3.679.963	Rp. 6.469.785
COP	**Rp. 191.754.072**	**Rp. 22.435.387**	**Rp. 25.225.209**
Number of Unit	67	7	7
COP per unit	**Rp. 2.862.001**	**Rp. 3.205.055**	**Rp. 3.603.601**

The results of the calculation of the cost of production with the ABC method show different results from each other. This is different from the COP applied by the company where the three products have the same COP. The comparison between the COP of the traditional method applied by the company and the COP of the ABC method shows the table below.

Table 10. Comparison of Traditional Method COP with ABC method COP

Description	Traditional Method	ABC Method	Condition
BENS QURBAN Delivery	Rp. 2.953.247	Rp. 2.862.001	Overcosting
BENS QURBAN *Titip Sembelih*	Rp. 2.953.247	Rp. 3.205.055	Undercosting
BENS QURBAN *Praktis*	Rp. 2.953.247	Rp. 3.603.601	Undercosting

COP calculation with ABC method results in overcosting conditions for BENS QURBAN delivery products and under costing for BENS QURBAN Titip Sembelih and Praktis compared to hpp with traditional methods.

Overcosting conditions on BENS QURBAN delivery products because transport costs are only charged to this product. but not charged the cost of "Paxel" meat shipping costs, souvenir Costs and also the cost of "Lion Parcell" souvenir delivery.

Undercosting conditions on BENS QURBAN Titip Sembelih products occur because the cost of "paxel" meat shipping of titip sembelih meat is only charged to this product which has a number of units that are not more than delivery products.

Undercosting conditions on BENS QURBAN Praktis occurs due to the charging of the cost of "lion parcell" souvenir delivery and also the cost of qurban souvenirs is charged only on this product which has a small quantity.

4. Conclusions

Based on the results of research, it can be concluded that the traditional method applied by PT Tripta Abyapta Sentosa in calculating the cost of production is to charge all factory overhead costs evenly to BENS QURBAN delivery, Titip Sembelih and Praktis products so that the cost of production applied is the same between the three products that have different activities during the production process. There is a difference in the Cost of Production of BENS QURBAN Domba Tanduk L traditional method with the Activity Based Costing (ABC) method because the Activity Based

Costing (ABC) method charges activities and activity costs in more detail for each product. The overcosting and undercosting conditions of the COP comparison between the traditional method and the Activity Based Costing (ABC) method indicate differences in factory overhead costing because previously PT. Tripta Abyapta Sentosa applied a single cost of goods for delivery, Titip Sembelih and Praktis products.

the company can consider using the ABC method to determine COP because PT. Tripta Abyapta Sentosa has quite a lot of product diversity. and also record more detailed activities for each product so that the charging of factory overhead costs is more accurate and efficient.

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