Recording And Valuation Of InventoryTrade Based On Sak EMKM

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Abstract

Inventory recording applied by HJ Pharmacy is still simple, which only records the number of items without including the price per unit. In addition, inventory valuation has not used any method so that to find out the value of the company's final inventory, the company only calculates it by means of the purchase price of the last inventory multiplied by the number of units of final inventory. The purpose of this community service is to find out how to record and assess the inventory of trade goods based on SAK EMKM. The recording method uses the perpetual method and the valuation uses the FIFO and *Average methods*. Based on the results of the author's analysis, recording inventory of trade goods at the HJ Pharmacy can use the perpetual method because by using this method the company can easily record and know the amount and value of inventory at any time, without doing a physical count in the warehouse first. Meanwhile, the valuation of trade goods inventory at the HJ Pharmacy can use the FIFO method, because the gross profit obtained by the company is greater than using *Average*.

Keywords: Inventory, Perpetual Method, FIFO, Average, SAK EMKM

INTRODUCTION

Every company has a main objective in running its business, namely to achieve maximum profit with the aim of developing and maintaining the company's business continuity. In this case, the company needs to pay attention to several things in an effort to achieve company goals, especially in trading companies, namely regarding the inventory of trade goods. Companies are required to carry out effective management and supervision of inventory in order to avoid the risk of excess or insufficient inventory which causes losses and decreases company profits. Supervision of trade goods inventory is also important to protect inventory from fraudulent acts or omissions that may occur, as well as evaluate the overall inventory policy. This aims to provide responses for better planning in the future. (Zahari & Novi, 2019)

Inventory is an asset that is most prone to errors, especially in determining the final value. Therefore, in carrying out the recording and valuation of inventory, a high level of caution is required. The value of inventory has great significance compared to the total value of current assets in the statement of financial position. Meanwhile, the cost of goods sold is the main factor affecting the results of the trading company's activities during a certain period in the income statement. This recording and assessment will be the basis for determining the amount of profit the company will get. (Ridzal, 2019)

In recording inventory, there are two methods that can be applied by companies, namely the periodic method and the perpetual method. With the periodic method of recording, the calculation of the final inventory value and cost of goods sold is carried out through physical

counting (checking directly to the warehouse) only at the end of the period. Meanwhile, in the perpetual method of recording, every inventory mutation or transaction thatoccurs will be recorded in the inventory card, so that the final inventory value and cost of goods sold can be known at any time without the need to physically count the inventory first. (Hasanah & Ritawati, 2021)

The Financial Accounting Standards for Micro, Small and Medium Entities states that there are two methods of valuing trade inventory, namely the FIFO (*FirstIn First Out) method* and the Weighted Average (*Average*) method in determining the acquisition cost of inventory. (Accountants Indonesian Institute of . For the FIFO method, thecompany will make sales with the first purchased inventory will be issued first as well. Usingthis method will benefit the company because the cost of goods sold will be higher when the cost per unit of inventory is lower, causing the gross profit to be lower than when the cost perunit of inventory increases. (Rianita, 2021). In addition, the FIFO method was also chosen bythe company because the calculation is simple and the inventory value on the statement of financial position reflects the current price, and helps to avoid *expired* goods and damage to inventory in the warehouse. (Satyadipura & Ignatius, 2021).

HJ Pharmacy is a trading company in the health sector that sells medicines andis a micro company, so it is recommended to apply SAK EMKM in carrying out inventory recording and valuation. By carrying out recording and valuation in accordance with accounting standards, companies can produce data that can be accounted for. This is importantas a basis for dealing with problems that may arise both internally and externally in the company. (Hutabarat & Thetty, 2021).

The company has recorded inventory transactions in simple incoming and outgoing goods records without applying applicable standards. This recording only states the quantity of inventory without including the price per unit. In addition, inventory valuation has not used any method and as a result, the cost of goods sold and the final inventory value obtained by the company does not reflect an accurate and actual value. Based on the explanation, this activity is intended to assist the process of recording and valuing trade goods inventory according to the correct and appropriate SAK EMKM.

METHODS

Implementation steps: (1) Preparation of activities starting from April-May 2023; (2) Implementation activities involve company parties among leaders and financial administration personnel, documentation includes data on transaction evidence and manual recording that has occurred in the company; (3) Discussion and preparation of recording and valuation as well as monitoring and evaluation by observation to see the skills of administrative staff in sorting, recording and valuing merchandise inventory.

Record Method Design

The method of recording inventory to be carried out is to use the perpetual method because this recording method is where every transaction is recorded in detail, so that the amount of inventory can be known at any time. Here's how to record inventory mutations according to (Mardiasmo, 2016).

Description	Account	Debit	Credit
Journal in recording Purchase transaction	Merchandise Inventory Trade Payables	Rpxxx	Rpxxx
Journal in recording sales transactions	Accounts Receivable/Cash Sales Cost of Goods Sold Merchandise Inventory	Rpxxx	Rpxxx

Desain Assessment Method

The inventory valuation method that will be carried out is using the FIFO method and the *Average method*. For the FIFO method, it is a recording method where the company will sell the first incoming inventory first, so that the inventory at the end of the period comes from the last purchase. While the *Average* method is a recording method where the inventory sold will be valued based on the average price between the total cost of inventory and the number of units available for sale, the result of which will be the average cost of the product to be sold. The following is an inventory table that will be used in the valuation of trade goods inventory according to Sasongko, et al (2018).

Table 1
Inventory Card

Date	Purchase			Cost of Goods Sold			Supplies		
	Q	Cost Per Unit	Total Cost	Q	Cost Per Unit	Total Cost	Q	Cost Per Unit	Total Cost

Source: Sasongko, et al (2018)

RESULTS AND DISCUSSION

Recording Merchandise Inventory at HJ Pharmacy Palembang Year 2022

The activity begins by looking at the ongoing recording process at HJ Pharmacy, which has recorded inventory transactions in simple incoming and outgoing goods records but has not applied the recording method. This recording only lists the quantity of inventory without including the price per unit. Inaccuracies in recording and calculating inventory can cause errors in determining the cost of goods sold and the final inventory value obtained by the company. Trade goods inventory transactions have also not been recorded in the general journal by the Company.

In this preparation using a sample of 2 types of drugs, namely Sanmol owned by HJ Pharmacy. Sales and purchases are transactions that occur regularly at HJ Pharmacy, therefore, it is better to use the perpetual method in recording, because applying the perpetual method will make it easier to record and monitor the amount and value of inventory at all times, without doing a physical count in the warehouse first. This method is also very suitable for companies that have various types of trade goods inventory. The following is presented regarding general journals that can be applied by HJ Pharmacy in recording Sanmol inventory

transactions using the perpetual method as follows:

Table 2

General Journal of Sanmol Inventory for December 2022

at HJ Pharmacy Palembang

Date	Description	Ref	Debit	Credit
05/12/2022	Merchandise Inventory		Rp200,000	Rp200,000
	Trade Payables			
31/12/2022	Cash		IDR47,500	-
	Sales		-	IDR47,500
	Cost of Goods Sold		Rp38,000	-
	Merchandise Inventory		-	Rp38,000
	Total		**Rp285,500**	**Rp285,500**

Source: Data Processed

Based on table 2, there was a Sanmol purchase transaction on December 5, 2022 on credit, causing an addition to trade inventory and trade payables of Rp200,000 each. Then, on December 31, 2022, the company made sales in cash, causing an addition to cash and sales of Rp47,500 each. This sales transaction also caused an addition to BPP and a reduction in merchandise inventory of Rp38,000 each.

Valuation of Merchandise Inventory at HJ Pharmacy in 2022

HJ Pharmacy to determine the value of the final inventory only calculates it bymeans of the purchase price of the last inventory multiplied by the number of units of final inventory. The inaccuracies in recording and calculating this inventory cause errors because the value of inventory and cost of goods sold obtained is considered fixed and unchanged so that it does not reflect an accurate or actual value. The following is presented regarding inventory cards using the FIFO and *Average* methods that can be applied by HJ Pharmacy in recording Sanmol inventory transactions as follows:

Table 3. Sanmol Inventory Card for December 2022 at HJ Pharmacy (FIFO)

Date	In			Out			Balance		
	Qty	Price	Amount	Qty	Price	Amount	Qty	Price	Amount
01/12/2022				19	2.000	38.000	84	2.000	168.000
02/12/2022				24	2.000	48.000	60	2.000	120.000
03/12/2022				32	2.000	64.000	28	2.000	56.000
04/12/2022				28	2.000	56.000	-	-	-
05/12/2022	100	2.000	200.000	16	2.000	32.000	84	2.000	168.000
06/12/2022				20	2.000	40.000	64	2.000	128.000
07/12/2022	100	2.000	200.000	8	2.000	16.000	156	2.000	312.000
08/12/2022				30	2.000	60.000	126	2.000	252.000
09/12/2022				17	2.000	34.000	109	2.000	218.000
15/12/2022				19	2.000	38.000	90	2.000	180.000

Date									
16/12/2022				29	2.000	58.000	61	2.000	122.000
17/12/2022	100	2.000	200.000				161	2.000	322.000
18/12/2022				25	2.000	50.000	136	2.000	272.000
19/12/2022				36	2.000	72.000	70	2.000	140.000
20/12/2022	100	2.000	200.000	11	2.000	22.000	159	2.000	318.000
22/12/2022				31	2.000	62.000	128	2.000	256.000
23/12/2022				6	2.000	12.000	122	2.000	244.000
24/12/2022				27	2.000	54.000	95	2.000	190.000
25/12/2022				38	2.000	76.000	57	2.000	114.000
26/12/2022				56	2.000	112.000	1	2.000	2.000
27/12/2022	100	2.000	200.000				101	2.000	202.000
28/12/2022				30	2.000	60.000	71	2.000	142.000
29/12/2022				7	2.000	14.000	64	2.000	128.000
30/12/2022	100	2.500	250.000				64	2.000	128.000
							100	2.500	250.000
31/12/2022				19	2.000	38.000	45	2.000	90.000
Amount	**600**	**-**	**1.250.000**	**558**	**-**	**1.116.000**	**45**	**-**	**90.000**

Source: Data Processed

Based on the analysis using the FIFO method, the final inventory of Sanmol obtained during December 2022 amounted to Rp 90,000. Sanmol's final inventory is 45 units, consisting of two different prices, namely 45 units at a price of IDR 2,000 per unit and 100 units at a price of IDR 2,500 per unit.

Table 4. Sanmol Inventory Card for December 2022 at HJ Pharmacy (Average)

Date	In			Out			Balance		
	Qty	**Price**	**Amount**	**Qty**	**Price**	**Amount**	**Qty**	**Price**	**Amount**
01/12/2022				19	2.000	38.000	84	2.000	168.000
02/12/2022				24	2.000	48.000	60	2.000	120.000
03/12/2022				32	2.000	64.000	28	2.000	56.000
04/12/2022				28	2.000	56.000	-	-	-
05/12/2022	100	2.000	200.000	16	2.000	32.000	84	2.000	168.000
06/12/2022				20	2.000	40.000	64	2.000	128.000
07/12/2022	100	2.000	200.000	8	2.000	16.000	156	2.000	312.000
08/12/2022				30	2.000	60.000	126	2.000	252.000
09/12/2022				17	2.000	34.000	109	2.000	218.000
15/12/2022				19	2.000	38.000	90	2.000	180.000
16/12/2022				29	2.000	58.000	61	2.000	122.000
17/12/2022	100	2.000	200.000				161	2.000	322.000
18/12/2022				25	2.000	50.000	136	2.000	272.000
19/12/2022				66	2.000	132.000	70	2.000	140.000
20/12/2022	100	2.000	200.000	11	2.000	22.000	159	2.000	318.000
22/12/2022				31	2.000	62.000	131	2.000	262.000

Date									
23/12/2022				6	2.000	12.000	122	2.000	244.000
24/12/2022				27	2.000	54.000	95	2.000	190.000
25/12/2022				38	2.000	76.000	57	2.000	114.000
26/12/2022				56	2.000	112.000	1	2.000	2.000
27/12/2022	100	2.000	200.000				101	2.000	202.000
28/12/2022				30	2.000	60.000	71	2.000	142.000
29/12/2022				7	2.000	14.000	64	2.000	128.000
30/12/2022	100	2.500	250.000				164	2.305	378.000
31/12/2022				19	2.305	43.793	45	2.305	103725
Amount	**600**		**1.250.000**	**558**		**1.121.793**	**45**		**103.725**

Source: Data Processed

Based on these two calculations, there is a difference in the results of Sanmol's final inventory obtained during December 2022. In the FIFO method it is IDR 90,000, while in the *Average* method it is 103.725. Thus, with the FIFO method the final inventory value obtained is greater than with the *Average* method.

Comparison of the Results of the Final Inventory Value at the HJ Pharmacy in 2022

Based on the results of the previous inventory valuation analysis for Sanmol, Paracetamol and Trifamol products in 2022, there is a difference in the final inventory results between the FIFO method, and the *Average* method at HJ Pharmacy as follows:

Table 5
Comparison of Year-end Inventory Value 2022 at HJ Pharmacy Palembang

Inventory Name	Calculation Result		
	FIFO method	**Average Method**	**Difference**
Sanmol	Rp90.000	IDR103.725	IDR13.725

Source: Data Processed

CONCLUSIONS

The results of this activity show the benefits obtained for the Company related to recording inventory of trade goods at HJ Pharmacy can use the perpetual method, because by using this method the company can easily record and know the amount and value of inventory at any time, without doing a physical count in the warehouse first. This method is also very suitable for companies that have various types of trade goods inventory. The final results of the activity show an increase in the knowledge of leaders and administrative staff in managing accounting books, especially merchandise inventory.

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