



**Analysis of Relevant Costs for Accepting or Rejecting Special Orders
at UD Syifa Bakery**

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INFO ARTIKEL

Abstract

Keywords:

Decision making, relevant costs, special orders.

One of the functions of management is planning and in planning is faced with decision making which involves the selection of various alternatives that must be chosen, meaning that management faces a lot of decision making. In the process of making decisions to accept or reject special orders, relevant cost information is needed. The purpose of this study is to determine the calculation of relevant costs carried out by the company in accepting or rejecting special orders and to analyse relevant costs in relation to decision making on accepting or rejecting special orders. The method used is qualitative descriptive analysis. The results showed that management has not applied relevant cost analysis in calculating the cost of production for a special order. The results of the analysis of relevant costs, especially the decision to accept or reject special orders, show that the proposed alternatives are able to provide benefits to the company if it accepts special orders. Management should apply relevant cost analysis so that special orders can be an alternative to increase company profits.

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INTRODUCTION

To be able to develop, the Company must go through struggles and be supported by careful planning in dealing with various problems and obstacles that arise, such as operational, financial, and marketing problems of the products

produced. Management accounting is needed in this case, accounting itself according to (Apip, 2016) can be defined as the process of recording, classifying, summarizing, reporting and analyzing financial data which is processed into financial information of an organization.

Meanwhile, Tilaar, Karamoy, & Pontoh (2015) define management accounting as the process of identifying, measuring, collecting, analyzing, recording, interpreting and reporting economic events of a business entity which is intended so that management or authorized employees can carry out planning, control and decision making functions. According to Sigilipu (2013), management accounting is a process in an organization that aims to provide information to managers for controlling, coordinating, and planning.

According to Luther (2016), management accounting arises because of the need for accounting information that can assist management in leading an increasingly large and increasingly complex company.

It can be concluded that one of the functions of management is planning and in planning is faced with decision making which involves choosing various kinds of alternatives that must be chosen, meaning that management faces a lot of decision making. Decision making is not an easy thing because it involves the future that the company will face which is often filled with uncertainty. Information is needed by management to reduce uncertainty in decision making. In the process of making decisions to accept or reject special orders, relevant cost information is needed. Relevant costs are often referred to as future costs.

Cost is the most important part and must exist in carrying out company activities or starting a business. A company to get profit or profit must be able to generate greater revenue than the amount of costs it sacrifices. Therefore, to be able to compete, companies must understand the basic concepts of costs and company units so that these costs can still be controlled and minimized with predictions of large profit levels (Winarso, 2014).

Meanwhile, relevant costs according to (Tumilantouw et al., 2014) are future costs that differ in magnitude across alternatives. All decisions relate to the future, therefore only ordinary future costs are relevant to a decision to accept or reject a special order. Relevant costs may include: raw material costs, direct labor costs and factory overhead costs.

Special orders are usually received by utilizing idle facilities. In addition, the company only serves these special orders to certain customers because the price set for special orders is usually below the market price. If these orders are not restricted, this policy of price discrimination will damage the regular market. The conditions that must be met so that special orders can be accepted, according to Siswanti & Fauziah (2020), namely, the company's production capacity is still idle, there is a market separation between cost sales and sales to serve special orders.

Syifa bakery is one of the manufacturing companies that processes raw materials and produces finished products and then sells finished products, which are sold by Syifa bakery there are many kinds of cakes such as brounis, cakes, various kinds of breads. Syifa bakery often gets special orders from consumers, with special orders the company needs differential cost information to determine whether to accept or reject these special orders.

The purpose of this study is to determine the calculation of relevant costs carried out by the company and analyze relevant costs in relation to decision making on accepting or rejecting special orders.

RESEARCH METHODS

The type of data used is qualitative data, qualitative data is data presented in the form of words that contain meaning and cannot be quantified. This type of data is in the form of a brief history of the company, organizational structure, production process and other information relevant to this writing. With primary data sources, primary data is a source of research data obtained directly from original sources in the form of unprocessed raw data such as information directly received.

Data collection techniques used to find out the condition of the company as a whole so that it can determine what problems UD is facing. Syifa Bakery with Interview, namely conducting interviews in this case question and answer with the owner aimed at conducting research on the reporting procedures concerning the problem and documentary, data collection using archives and documents from the company concerned. The method of analysis used in this writing is descriptive method, where this method discusses a problem in detail by describing and describing a situation systematically, factually and accurately regarding the facts, characteristics of the relationship between the phenomena being investigated so that a conclusion can be drawn to answer the existing problems.

RESULT

Overview of Research Objects

UD. Syifa bakery is a family-owned private small and medium business founded by Mrs. Diah Yuniati located on Jalan Pesalakan No. 22D Kemayoran, Bangkalan. This business itself has been established since 2015 until now or about 8 years. The name UD. Syifa bakery is taken from the name of her child, Syifa. This company is engaged in the food industry which produces products in the form of bread. The company in running this business is led directly by the director as well as the owner where as the sole power holder in the company the policies that reflect the company's operational activities both in and out have been fully implemented by the company under the responsibility of the director. Through the arrangement of a good organizational structure, all functions and positions of each employee involved in the company's organization can be clearly seen so that each part can carry out its duties in accordance with its position and function.

Cost Classification

Cost data can make calculations easier, so it is very necessary to classify costs which can be useful for management in determining the most appropriate method of collecting funds for allocating this data. In UD. Syifa's own cost classification is made according to its nature and relationship to the product, where the number of operations in the company is divided into two groups, namely:

1. Production costs which include raw material costs, direct labor costs and factory overhead costs.
2. Non-production costs which include general administrative costs

Table 1. Raw material costs for producing bread in 2023

Type of raw material	Cost per piece	Total cost
Wheat	850.61	53.079.000
Eggs	837.42	52.255.000
Sugar	103.97	6.488.000
Milk powder	157.44	9.825.000
Chocolate	163.93	10.230.000
Yeast	73.19	4.567.000
Butter	150.76	9.408.000
Softener	60.82	3.796.000
Salt	2.32	145.000
Water	-	-
Total	2.400.46	149.793.000

Table 1 shows UD. Syifa spent Rp. 2,400.46 for making 1 piece of bread and Rp.149.793.000 for the total cost of raw materials in 10 months of making bread. More clearly, UD. Syifa bakery uses - 10kg of flour for one production with a unit price of Rp. 10,000, - 80 eggs with a unit price of Rp. 1,500, - 600gr of granulated sugar with a price of Rp. 7,000, - 6 sachets of milk powder with a unit price of Rp. 2,000, - 2 pcs of chocolate with a unit price of Rp. 7,000, - 80 grams of yeast with a price of Rp. 5,000, - 800gr of butter with a price of Rp. 8,000, - 50gr of softener with a price of Rp. 2,000, - 35gr of salt with a price of Rp. 500.-.

Table.2 Direct labor costs for producing bread in 2023

Description	Cost per piece	Total cost
Production section	256.41	16.000.000
Total	256.41	16.000.000

Table 2 shows UD. Syifa bakery uses the services of 2 production workers who are given a monthly wage of IDR 800,000. So that if the production labor works for 10 months, the company will pay a cost of Rp. 16,000,000 or Rp. 256.41 for one unit of bread.

Table 3. Factory Overhead Costs for Bread Production in 2023

Cost type	Cost per piece	Total cost
Indirect labor costs	96.15	7.200.000
Gas cylinders	12. 82	960.000
Reparisp and machine maintenance	5.87	440.000
Electricity and telephone	80.12	6.000.000

Total	194.96	14.600.000
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Table 3 shows the cost of raw materials and direct labor costs, of course this is one of the costs that cannot be separated during the production process. At UD. Syifa bakery there are also costs that can be categorized as factory overhead costs such as indirect labor costs, gas cylinder costs, machine repair and maintenance costs, electricity costs and telephone costs.

Table 4. Non-Production Costs for Producing Bread in 2023

Cost type	Cost per piece	Total cost
Salaries of administrative and general staff	96.15	7.200.000
Total	96.15	7.200.00

Table 4 shows that non-production costs are also an indispensable cost class for each production of bread. The salaries of office employees and foremen are the largest cost components that must be financed by the company. The salaries of administrative and general employees are also categorized in the non-production cost group.

Table. 5 Bread Production Capacity in 2023

Month	Total production	Production capacity	Idle capacity
January	5.783	6.240	457
February	6.035	6.240	205
March	5.827	6.240	413
April	5.619	6.240	621
May	5.821	6.240	134
June	6.124	6.240	116
July	5.948	6.240	292
August	6.017	6.240	223
September	5.932	6.240	308
October	5.896	6.240	344
Total	50.106	62.400	2.492

Table 5 shows that UD. Syifa bakery carries out normal production by producing 62.400 pieces of bread in 10 months, therefore the company has budgeted the cost of making paving a number with a predetermined production capacity. But in reality UD. Syifa bakery has not been able to optimize production capacity in accordance with the predetermined target, thus making the emergence of idle capacity which can be used as a special order.

Table 6. COGS (cost of goods sold) Calculation Using Relevant Cost Analysis

Cost type	Relevant Cost
Raw material costs:	
Wheat	850.61
Eggs	837.42
Sugar	103.97
Milk powder	157.44
Chocolate	163.93
Yeast	73.19
Butter	150.76
Softener	60.82
Salt	2.32
Water	-
Total cost of raw materials	2.400.46
Direct labor costs:	
Production department	256.41
Overhead Costs;	
Electricity cost	80.12
Gas cylinder	12.82
Total Overhead cost	92.94
Amount	2.749,81

Table 6 shows that the result of the calculation of the cost of goods sold of special orders is 2.749.81 each unit of bread, thus the company can receive a profit because the special order price is 3,500 each unit of bread. Some cost accounts such as indirect labor costs and machine repair and maintenance costs and non-production costs are omitted.

DISCUSSION

The results explained that the amount of production in 2023 did not reach the target set by management. There is idle capacity with a large enough percentage that will greatly affect the company's profits. However, this idle capacity can be used as an opportunity to receive special orders using relevant cost analysis.

The calculation of the cost of goods per unit using the full costing method certainly makes the company will not accept special orders, because the cost of goods per unit exceeds the cost of production. However, if analyzed using the relevant cost analysis method, which of course will eliminate several cost accounts such as indirect labor costs and machine repair and maintenance costs as well as non-production costs that have been determined for a one-year period, then this certainly allows company management to accept special orders which greatly helps the company to achieve maximum profit.

Relevant cost analysis can be used to increase the company's maximum profit under certain conditions, one example is when there is idle capacity. In addition, relevant costs cannot be used at all times because there are also several aspects that must be considered, such as the cost of raw materials, because at this time the cost of costs, because at this time the cost of raw materials is relatively stable, the company can maximize the excess volume of raw materials to receive special orders. Previous research conducted by Octavianus (2014), the results showed that the price offered by special orders is greater than variable costs

so that special orders can be accepted. offered special orders is greater than the variable cost so that the special order can be accepted.

CONCLUSION

The final conclusions in this study are:

1. UD. Syifa bakery has not applied the relevant cost method in making decisions to accept or reject special orders.
2. Relevant cost analysis is very useful to be applied on certain occasions. Application of this calculation will affect the company's profit if the company is able to apply it correctly, especially when there are special orders.

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