

**Analysis of The Calculation of The Cost of Production Based on The Full Costing Method as The Basis For Determining The Selling Price on The CV. Cita Mandiri Batu City**

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INDEXING	ABSTRACT
<p><b>Keywords:</b> Keyword 1; Cost of Production, Keyword 2; Full Costing Keyword 3; Selling Price</p>	<p>The purpose of this study is to analyze the calculation of the cost of production based on the full costing method as the basis for determining the selling price on CV. Cita Mandiri Batu City. This research uses a qualitative method. The data used was an interview with the leader and one of the employees in the production field at CV. Cita Mandiri Batu City. The data analysis method used is descriptive with the cost of production based on the full costing method. The results of the analysis prove that the cost of production is based on the full costing method in one production on CV. Cita Mandiri Kota Batu as much as IDR 3,384,500 with the determination of the selling price of potato chips per package of 100 grams at a price of IDR 18,000. These results prove that CV. Cita Mandiri Kota Batu has been optimal in determining the selling price because it made a profit of IDR 935,500 or as much as 27,64% in one production. The calculation of the cost of production using the full costing method is able to increase the accuracy in determining the selling price of products.</p>

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**INTRODUCTION**

In principle, the selling price must be able to cover the full cost plus a reasonable profit. The selling price is equal to the production cost plus the mark-up (Faradela et al., 2022). In order for the selling price to be set perfectly in the sense that the selling price can at least cover the costs incurred, the first step used by the company is to calculate the cost of production in advance. Therefore, companies are required to be able to control production costs as little as possible, and use cost control in the form of controlling production costs as the basis for determining the selling price of the products obtained. Pricing must be perfect, thoughtful and accurate. This is done so that companies can compete with other companies that produce similar products for a relatively long period of time (Anggreani and Adnyana 2020).

The cost of production is tied to a certain period of time. The cost of production will be the same as the cost of production if there is no product inventory in the initial and final process. According to (Nafisah et al. 2021) stated that the purpose of the cost of production is: as a measure in determining the company's profit to be earned, as a means to evaluate whether it has been effective and efficient in running production activities in the company, as a basis for determining the selling price of a product before it is marketed.

CV. Cita Mandiri which is located on Jl. Trunojoyo Rejoso Village, Junrejo District, Batu City is a business engaged in the sale and production of various snacks. So far, CV. Cita Mandiri has not yet implemented a full costing method analysis. This company usually calculates the cost of goods and selling prices of its products by a relatively very simple method and has not implemented the calculation of the cost of production in accordance with cost accounting principles.

Based on the above explanation, the purpose of this study is to calculate the cost of production based on the full costing method as the basis for determining the selling price in CV. Cita Mandiri Batu City.

## **LITERATURE REVIEW**

According to (Fadli and Ramayanti, 2020) costs are grouped into 2 main functional groups, namely non-production and production. Production Cost is the cost related to the process of forming the products and services provided. Meanwhile, non-production costs are costs that are not related to the process of forming the goods or services provided.

The cost of production or products cost is an important element to assess the success (performance) of a trading and manufacturing company. The cost of production is closely related to indicators of the company's success, such as: gross profit on sales, and net profit. The cost of production basically shows the cost of goods and services produced in a certain accounting period.

According to (Purnomo and Syaifulloh, 2015) the cost of production is a collection of production costs consisting of direct raw materials, direct labor and factory overhead costs plus product inventory in the initial process and minus product inventory in the final process. Method of collecting cost of production the methods used in producing a product can be grouped into two types, such as using the job order cost method and the process cost method. The method of calculating the cost of production for Menutut (Tandi & Dambe, 2022) uses two approaches such as full costing and variable costing.

The selling price is the amount of price that will be charged to consumers that is obtained or calculated from production costs plus non-production costs and expected profits (Ilyas 2019). Selling prices are usually made repeatedly because selling prices are affected by changes in the external and internal environment.

## **RESEARCH METHOD**

The type of research and approach used in this study is qualitative descriptive, which is a research method by describing the behavior of certain people, events or symptoms in detail and depth. Data sources use primary data and also use secondary data.

While the data collection technique includes data from the results of Observation, Interviews, and Documentation, while the data analysis method uses a descriptive technique by calculating production costs using the full costing method consisting of cost elements such as raw material costs, direct labor costs, variable factory overhead costs, fixed factory overhead costs, and cost of production.

## **RESULT AND DISCUSSION**

### **RESULT**

#### **Calculation of Cost of Production Based on Full Costing Method**

The calculation of the cost of production based on the full costing method is calculated in several components, namely the calculation of raw material costs, labor

costs and variable factory overhead costs, the data is presented as follows.

### Raw Material Cost Calculation

Raw material costs are all costs incurred to obtain and process raw materials into finished products, including purchasing, transportation, storage, and other operational costs. According to the results of the interview with the business owner, Mrs. Wati, explained that the process of preparing the production cost budget is:

"The raw materials needed for production activities are potatoes that are purchased directly from farmers, with an order amount of 1,200 kg of potatoes per order for 5 times of production in a week, meaning that one production is 240 kg of potatoes. The price of 1 kg of potato raw materials is Rp. 10,000. Other raw materials used are flavoring, garlic, sugar, sweetener, pepper and salt" (Interview, February 20, 2025).

This is also supported by the results of observations made by the author on 20-02-2025 with the results of observations on 21-02-2025 that the researcher saw the stock of raw materials for production activities, namely potatoes that were directly purchased from farmers, with an order amount of 1,200 Kg of 7 in the CV Warehouse. Cita Mandiri Kota Batu and researchers also looked at other raw materials used in making potato chips.

**Table 1. 1st Observation Sheet**

No.	Date	Activity
1.	February 3, 2025	The researcher was directed to look at the raw material stock namely potatoes by Mrs. Wati, the owner of CV. Cita Mandiri in Batu City which is located at the warehouse of CV. Cita Mandiri in Batu City.
2.	February 21, 2025	The researchers are directed to examine the raw materials used in the production process of potato chips for a single batch, including flavoring, garlic, marpel sweetener sugar, salt, and cooking oil.
3.	February 24, 2025	The researcher look at in the production process Mrs. Wati herself supervised the employed work performance.

*Source : Primary Data processed, 2025*

The results of the interview were known that the raw materials needed for production activities were potatoes that were directly purchased from farmers as much as 1,200kg per order for 5 times of production during a week, at a price of Rp. 10,000/kg of potatoes. The complementary raw materials consist of flavoring, garlic, sweetener sugar, merpel and salt. The calculation for the cost of raw materials incurred once production is.

**Table 2. Calculation of Raw Material Costs.**

No.	Raw materials	Amount	Unit price	Total price
1.	Potato	60 kg	10.000	Rp 2.400.000
2.	Seasoning/flavor enhancer	1 pax	2.500	Rp 2.500
3.	Garlic	2 kg	37.000	Rp 74.000
4.	Sweetener	9 pax	4.500	Rp 40.000
5.	Salt	8 pax	3.000	Rp 24.000
6.	Cooking oil	10 liter	192.000	Rp 192.000
Amount				Rp 2.733.000

*Source : Secondary Data processed, 2025*

Based on the calculation of raw materials, it is known that the amount of raw material cost per production in CV. Cita Mandiri Kota Batu as much as Rp.2,733,000.

### Labor Costs

Labor costs are the costs that companies incur to pay for labor. These costs include salaries, wages, benefits, and other expenses associated with the employee. The number of employee workers in CV. Cita Mandiri Kota Batu as many as 5 people, with a monthly salary of Rp. 2,000,000 / month, in 1 month the number of entries is 20 times, meaning that once the production of employees is given a wage of Rp. 100,000. The total cost of one-time production is Rp. 500,000 (5 people x Rp. 100,000).

### Variable Plant Overhead Cost (Additional Cost)

Factory overhead costs are production costs that are not directly related to the production process of goods or services. These costs are also referred to as additional production costs, factory loads, or production overhead. Factory overhead costs incurred by CV. The Cita Mandiri of Batu City in one production, namely.

**Table 3. Factory Overhead Cost(Additional Cost)**

No.	Notes	Amount	Unit price	Total price
1.	Melon gas	1 cylinder	19.500	Rp 19.500
2.	Electricity			Rp 10.000
3.	100 gram of plastic	50 pcs	1800	Rp 90.000
4.	Sticker	3 sheets	6.500	Rp 19.500
5.	Cardboard	5 pax	2.500	Rp 12.500
Amount				Rp 151.500

Source : Secondary Data processed, 2025

Based on calculations, it is known that the amount of factory overhead costs per production on CV. Cita Mandiri Batu City as much as Rp. 151,500. Based on the data, the calculation of the cost of production was made based on the full costing method on the CV. The Cita Mandiri of Batu City is presented in the following table.

**Table 4 Production Cost Budget**

No.	Notes	Total price
1.	Raw material cost	Rp 2.733.000
2.	Direct labor costs	Rp 500.000
3.	Variable factory overhead costs (additional costs)	Rp 151.000
4.	Fixed factory overhead costs (no rent costs)	Rp 0
Amount		Rp 3.384.500

Source : Secondary Data processed, 2025

Based on calculations, it is known that the cost of production is based on the full costing method in one production on CV. Cita Mandiri Batu City as much as Rp.3,384,500.

### Setting the Selling Price

Selling price determination is a decision to determine the price of a product or service offered by a company. The setting of the selling price is done to gain profits and secure positions in the market. According to the results of the interview with the business owner, Mrs. Wati, explained that production cost control is.

"The selling price is determined in one production of 240 kg of potatoes, with the production of potato chips as much as 24 kg, with a price per kg of Rp. 180,000, sold with a weight of 100 grams for a price of Rp. 18,000". (Interview, March 3, 2025).

This is also supported by the results of observations made by the researcher on 26-01-2025 that the researcher saw employees in packing potato chips on the CV. Cita

Mandiri Batu City.

**Table 5. 3rd Observation Sheet**

No.	Date	Activity
1.	March 3, 2025	The researcher observed that in packaging, CV. Cita Mandiri in Batu City sets the selling price at Rp 18.000 per package with a weight of 100 gram.

Source; Primary Date Processed, 2025



**Figure 1 Product Brand**

Source : Primary Documentation (2025)

The results of the interview are known that the selling price of products per package weighing 100 grams is Rp. 18,000. The results of the study are known to have a production amount of potato chips in one production of 24 kg, with a price per kg of Rp. 180,000, sold with a weight of 100 grams for a price of Rp. 18,000. Based on the results of the study, it is known that the number of production results obtained by CV. Cita Mandiri Kota Batu has a single production of Rp.4,320,000 (24 kg x Rp.180,000/kg).

Based on the results of the study, it is known that the difference between the calculation of the cost of production based on the full costing method and the determination of the selling price in one production on CV. The Cita Mandiri of Batu City is presented in the following table.

**Table 6. List of Expenses and Revenue Per Production**

No.	Notes	Amount
1.	Production cost based on the full costing method	Rp 3.384.500
2.	One time production income	Rp 4.320.000
	Total	Rp 935.500
Profit percentage of 27,64% (Rp 935.500/Rp 3.384.500 x 100 = 27,64%)		
<b>Formula = Profit/COGS x 100</b>		

Source : Secondary Data Processed, 2025

Based on calculations, it is known that the cost of production is based on the full costing method on CV. Cita Mandiri Kota Batu in one production amounted to IDR 3,384,500, income obtained in one production amounted to IDR 4,320,000 and net profit obtained in one production amounted to IDR 935,500. These results prove that CV. Cita Mandiri Kota Batu has been optimal in determining the selling price of potato chips per package of 100 grams at a price of Rp. 18,000.

## **DISCUSSION**

The results of the study prove that the cost of production is based on the full costing method in one production at CV. Cita Mandiri Kota Batu as much as Rp. 3,384,500 with the determination of the selling price of potato chips per package of 100 grams at a price of Rp. 18,000. These results prove that CV. Cita Mandiri Kota Batu has been optimal in determining the selling price because it obtained a profit of IDR 935,500 or as much as 27.64% in one production.

These results support the research conducted by Agustina & Lina (2020) explaining that the benefits of calculating the cost of production based on the full costing method to help determine the complete cost of production. The components of the cost of production can be grouped into three types, namely direct raw materials, direct labor and factory overhead costs.

The calculation of production costs using the full costing method is calculated by detailing the cost of raw materials, direct labor costs and factory overhead costs which are variable and fixed. The importance of determining the cost of production can determine the production costs that will be incurred by the company in determining the selling price in accordance with the production cost. The full costing method takes into account fixed costs because this cost is considered attached to the cost of inventory, both finished goods and inventory of goods in the process that have not been sold and is considered the cost of goods sold if the product has been sold out.

The purpose of calculating the cost of production using the full costing method is to determine whether production and marketing activities in that period are able to generate profits or even cause losses for the company. Determining the cost of production using the full costing method is very important considering that the benefits of information on the cost of production are to determine the selling price of products and monitor the realization of production costs.

## **CONCLUSION**

Based on the results of the research that has been presented, it is concluded that the cost of production is based on the full costing method in one production at CV. Cita Mandiri Kota Batu as much as Rp. 3,384,500 with the determination of the selling price of potato chips per package of 100 grams at a price of Rp. 18,000. These results prove that CV. Cita Mandiri Kota Batu has been optimal in determining the selling price because it obtained a profit of IDR 935,500 or as much as 27.64% in one production. The calculation of the cost of production using the full costing method is able to increase the accuracy in determining the selling price of products.

## **SUGGESTION**

Based on the conclusions of the results of the data analysis carried out, several suggestions were proposed, namely:

1. Advice for companies, CV. Cita Mandiri Kota Batu needs to calculate the cost of production with a full costing method in a sustainable manner to accurately determine the selling price of products. CV. Cita Mandiri Kota Batu needs to produce using machines to accelerate the production process and labor efficiency, as well as develop production such as producing mushroom chips, cassava chips and fruit chips.
2. For further research, research can be carried out on the calculation of cost of production using the full costing method in larger companies.

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