DETERMINATION OF SELLING PRICE ON ORDERED PRODUCT OF MAN LEATHER SHOES AT HOME INDUSTRY HUNTER BY USING FULL COSTING METHOD

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ABSTRACT:

Basic pricing is an important factor in consideration for setting the selling price that would be expected to achieve profits. In determining the basic pricing cost of production, company can use two methods namely full costing method and variable costing method. Company receives orders based on customer specifications where the costs that make up the cost of production need to be taken into account properly so that the company can make a profit. This study discusses the calculation of the cost of an order by Home Industry HUNTER and according to full costing method. The writer compares the basic pricing calculation according to the company and according to full costing method. In the calculation of the company, depreciation costs are not included in factory overhead costs. In addition, raw materials are included too much, while what are meant by raw materials are main materials. While, according to full-costing calculation, depreciation costs are included in factory overhead costs and are based on operational cost tariff which are applied based on direct labor hours. From the results of this study, it can be concluded company calculation is lower than the full costing method. This resulted in the selling price charged to customers according to the company is lower than under full costing method.