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ANALYSIS OF PRODUCTION COST CALCULATION USING THE VARIABLE COSTING METHOD AT PT. SUMBER TANI AGUNG (PKS SABUNGAN)

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ABSTRACT

PT Sumber Tani Agung Resources has implemented a systematic financial recording system as a commitment to accountability and transparency. However, the researcher's observations indicate that production cost reports have not yet classified costs in detail, particularly in separating fixed and variable costs. This study aims to analyze the calculation of the cost of goods manufactured (COGS) using the Variable Costing method as an alternative to the company's current method. The study was conducted using a qualitative descriptive approach through observation, interviews, and document studies at PT Sumber Tani Agung (PKS Sabungan). The results show that the COGS calculated using the company's method is higher than the Variable Costing method. This difference is caused by the company's treatment of fixed overhead costs, which are included entirely in COGS, while the Variable Costing method only considers variable costs as a component of production. The difference in value between the two methods is Rp 14,017,007.00 per month, which can affect the accuracy of selling price determination and profit planning. These findings emphasize the importance of implementing appropriate cost accounting principles to support effective managerial decision-making. This study provides practical contributions for companies in evaluating COGS calculation strategies as well as academic implications in managerial accounting studies.

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1. INTRODUCTION

PT Sumber Tani Agung Resources (STAA) is a national private company engaged in the palm oil industry with an integrated business scope, from nurseries to the processing of derivative products such as Crude Palm Oil (CPO) and Palm Kernel. As a major player in the agribusiness sector in North Sumatra, STAA plays a crucial role in the national supply chain of strategic commodities. Amid increasing complexity and global competitive pressures, effective production cost management is a key element in maintaining operational efficiency and product competitiveness in both domestic and international markets.

One of the challenges STAA still faces is the lack of detailed classification in production cost reports, particularly the separation of fixed and variable costs. To date, the company has used conventional methods to calculate the cost of goods manufactured (COGS), which mixes all cost elements, including fixed and variable overhead. This has the potential to distort cost information and affect the accuracy of product pricing. According to Drury (2007), behavioral cost classification is a crucial principle in cost accounting to support rational managerial decision-making.

In this context, the Variable Costing method is a relevant alternative. This method only considers variable costs in COGS, while fixed costs are treated as period costs and recorded directly in the income statement. This results in more accurate information for contribution margin analysis, break-even points, and short-term decision-making. Several previous studies, such as those by Nadila et al. (2024), have shown that using Variable Costing produces lower and more realistic COGS calculations than the Full Costing method, particularly in mass-production companies.

However, these previous studies have been limited to the cigarette and food industries, while the application of the Variable Costing method in the palm oil industry has not been extensively studied, particularly in North Sumatra. This represents a significant research gap. Therefore, this study aims to analyze production cost calculations using the Variable Costing method at PT Sumber Tani Agung (Sabungan POM) and compare it with the company's current costing method. This research is also expected to provide practical contributions to improving the accuracy of cost information and strengthening managerial decision-making in setting selling prices and profit planning.

PT. Sumber Tani Agung Resources, specifically its Sabungan Palm Oil Mill (PKS) unit, has implemented a structured financial recording system, indicated by systematically prepared financial reports. This reflects the company's awareness of the importance of accountability and transparency in financial management. However, based on direct observation by the author, it was found that the presentation of the production cost report in the company has not been classified in detail, especially regarding the separation between fixed and variable costs. This can create obstacles in the process of cost analysis and managerial decision-making, particularly related to production cost efficiency and profit planning. The Variable Costing method is a method for determining production costs that distinguishes between fixed and variable costs. This method provides a strong basis for faster, more precise, and efficient decision-making.

In previous research titled "Analysis of Production Cost Calculation Using the Variable Costing Method at PT. Gudang Garam Tbk. Padang Sidempuan," it can be concluded that calculations using the company's method yield a higher result compared to the Variable Costing method due to differences in the treatment of overhead costs. In the Filter Kretek Cigarettes method, all cost elements, both fixed and variable, are included in the product, whereas in the Variable Costing method, only variable costs are included. Thus, there is a difference in the calculation results caused by the different treatment of fixed overhead costs.

Cost Accounting

Colin Drury, an accounting expert, states that cost accounting is the process of measuring, analyzing, and reporting financial and non-financial information related to the cost of producing goods or services. (Source: Drury, C., "Management and Cost Accounting," Cengage Learning EMEA, 2007). According to its activities, cost accounting is defined as closely related to the process of recording, classifying, summarizing, and presenting costs in the process of manufacturing products and selling finished goods (products) or delivering services under certain conditions, as well as interpreting the results (Sriyati, 2021). And looking at its function, the definition of cost accounting can be interpreted as an activity that produces cost information that can be used in considering management decision-making, or in other words, cost accounting is a study of data that can be used for decision-making in evaluating the success of a company.

Its functions, ranging from its assistance in making appropriate decisions to its role in evaluating company performance, signify its existence as a strategic foundation in business operations. With various available methods and its application in sectors such as manufacturing, services, trade, construction, as well as public and non-profit sectors, cost accounting becomes an important instrument for all types of organizations to manage finances more efficiently, make smart decisions, and maintain business sustainability.

Cost

Cost is an economic resource sacrifice measured in monetary units, to obtain goods or services that are expected to provide benefits now or in the future, as stated by Santi (2019) in [5]). Cost is an expenditure or the value of a sacrifice to obtain goods or services that are useful for the future, or have benefits exceeding one annual accounting period (Dunia et al. 2018)

According to Purwanto (2020), in cost accounting practice, cost classification is generally based on the objectives to be achieved through such classification. Mulyadi (2005:13) states that costs can be classified based on several criteria, namely: object of expenditure, main function in company operational activities, relationship of cost to the object being financed, cost behavior towards changes in activity volume, and based on the benefit period of the cost. In relation to control aspects, costs can be divided into two types, namely controllable costs and uncontrollable costs. Controllable costs are costs whose magnitude can be influenced or controlled by a manager through policies and managerial decisions taken. Conversely, uncontrollable costs are types of costs that are beyond managerial control and cannot be changed through

managerial actions in a certain period. The process of accurate cost allocation is very important in reflecting the total production cost of the products produced. Accuracy in cost allocation will provide an accurate calculation of the cost of goods manufactured. Thus, this information can be optimally utilized in profitability analysis and support more effective and efficient managerial decision-making.

Production

Production is any activity aimed at increasing or adding to the utility of an object, or any activity aimed at satisfying others through exchange. And all activities to create and add to the utility of a good and service, by utilizing available production factors [8]. Production is also a human business activity that produces goods and services useful for the needs of society. Meanwhile, according to research by Yogatama (2019) in [9] Production is the process of converting goods or services called inputs into goods or services called outputs. The purpose of production theory is to determine the optimal production level for the available resources [10] There are two types of production theory:

a) Long-term production theory, where there are variables in the use of production factors by producers and these are fixed.
b) Short-term production theory, If all inputs are variable and there are no fixed inputs, it can be assumed that labor (L) and capital (K) are two types of production factors.

The cost of goods manufactured essentially shows the cost of products (goods and services) produced in a certain accounting period. This means that the cost of goods manufactured is part of the cost of goods sold, which is the cost of products sold in a certain accounting period. Cost of goods manufactured is a number of asset values, but if during the current year these assets are utilized to help generate income, these assets must be converted into expenses. The cost of goods manufactured is the sum of total production costs and ending work-in-process inventory. Thus, in determining production costs, it must be done carefully because errors in determining the cost of goods manufactured will result in losses for the company as a whole [11]

Production Costs

Production costs are costs incurred to process raw materials into finished products ready for sale, as stated by Mulyadi (2015:14) in [12]. The production budget is a tool for planning, coordinating, and controlling production activities. To produce goods or services, production factors such as raw materials, labor, capital, and entrepreneurial skills are needed. All production factors used are sacrifices from the production process and also function as a measure to determine the cost of goods. Inputs used to produce output are often called opportunity costs. Opportunity cost itself is the cost of a production factor that has a maximum value that produces output in an alternative use. Production costs can include the following elements: raw materials or basic materials including semi-finished materials, auxiliary or supporting materials, labor wages from coolies to directors, depreciation of production equipment, capital money, rent, supporting costs such as transportation costs, administrative costs, maintenance, electricity costs, security and insurance costs, marketing costs such as advertising costs, and taxes.

According to Zakia Harun [13]the elements of the cost of goods manufactured are as follows:

a) Direct Material Cost is all raw material costs that form an integral part of the finished product and are explicitly included in the calculation of product costs.
b) Direct Labor Cost is labor that converts direct raw materials into finished products and can be reasonably charged to specific products.
c) Factory Overhead Cost is the cost consisting of all manufacturing costs that are not directly traced to specific outputs. Factory overhead usually includes all manufacturing costs except direct raw materials and direct labor.

Raw Material Cost

According to Sasongke [12] "Raw material is material used to make a finished product. Raw materials can be identified to the product and are an integral part of the product". For example, to make a book, materials such as paper, ink, glue, and thread are needed. The most substantial material value for making a book is paper, so the cost of paper will be included in raw material costs. Other materials, because their quantity is not material, are considered as auxiliary materials and will be grouped into factory overhead costs. Meanwhile, according to Mulyadi (2016: 275) in [12]"Raw material cost is the main material that is an integral part of the finished product, so it can be directly identified to the finished product and its value is quite significant."

Raw Material Cost is one of the main elements in production costs that is very important and needs to be managed carefully to ensure efficiency and business profits are maintained. There are two important types to be managed by manufacturing companies, including:

a) Direct Raw Material Cost
   a) This is the cost for materials directly used in the manufacture of products. These materials can be clearly and physically identified as part of the finished product. This cost can be easily measured and directly linked to specific product units. Calculating this cost example is important because it helps determine the production cost per unit and influences the setting of the product's selling price.
   b) Indirect Raw Material Cost
   This example is the cost for materials used in the production process but cannot be directly attributed to individual products or do not become part of the final product. These materials are more common and support the overall production process. This cost is often allocated to products based on cost allocation methods deemed most appropriate by the business, such as allocation based on machine hours or factory area.

Factory Overhead Cost

Sasongke [12] state, "Factory overhead cost is costs other than raw materials and labor required for production activities, called factory overhead cost." Included in the classification of factory overhead costs are the following cost elements: indirect materials, indirect wages, depreciation of factory equipment, maintenance costs of machinery and factory equipment." Meanwhile, according to Mulyadi (2016:193) in [12] "Factory overhead cost is costs other than direct raw materials and direct labor but helps in converting materials into finished products. This cost cannot be directly traced to the finished product."

The functions of Factory Overhead Cost for a company are as follows: as a reference for budget estimation for each division, this is to facilitate company financial analysis and make adjustments to budget plans, manage expenses outside of production, company cash flow must always be monitored. Besides minimizing errors, it also avoids fraud. FOH is a cost prone to misuse, therefore it must be managed properly by authorized parties. It can increase the effectiveness and efficiency of FOH use; by calculating FOH, the finance division can more easily determine FOH priorities. It becomes the basis for determining future business strategies; this can happen when there are product research activities or market analysis. The costs for these activities certainly come from FOH, thus indirectly FOH can also be used as a basis for business strategy in the future.

Methods of Calculating Production Costs

In calculating production costs, there are two calculation methods:

a) Full Costing Method
   Nadila [4]state that the Full Costing method is an approach in determining the cost of goods manufactured that includes all elements of production costs, both variable and fixed. In this method, all costs incurred during the production process are accumulated comprehensively and charged to the product, thereby producing a comprehensive calculation of the cost of goods manufactured. Emayan & Supriyadi [14]state that the calculation of the cost of goods manufactured using the full costing method is as follows:

Raw material cost
Direct labor cost
Variable factory overhead cost
Fixed factory overhead cost .....+
Cost of goods manufactured

b) Variable Costing Method
   Nadila [4]The Variable Costing method is an approach in determining the cost of goods manufactured that only includes variable cost elements, i.e., costs that change proportionally to changes in production volume. Fixed production costs are not included in the cost of goods manufactured but are recorded directly as period costs in the income statement. Therefore, the calculation of the cost of goods manufactured using the variable costing method is as follows:

Raw material cost
Direct labor cost
Variable factory overhead cost .....+
Cost of goods manufactured

This research uses a descriptive qualitative approach, which is an approach aimed at understanding and describing social phenomena in-depth based on the perspective of the subjects involved. The qualitative approach does not only focus on numerical data but emphasizes more on the meaning, experience, and interpretation of events or situations experienced by research participants. In this approach, the researcher tries to understand social reality as experienced, understood, and lived by the participants. In other words, qualitative research is naturalistic because it seeks to explore meaning from real situations without manipulating the environment or variables. To collect data, researchers use several techniques: direct observation, participant observation, in-depth interviews, document studies, and other additional techniques such as field notes, which are used to supplement observation and interview results [15]

The qualitative approach was chosen in this study because it emphasizes a deeper understanding of processes rather than being solely oriented towards final outcomes or products. According to Rukajat (2018), data analysis in qualitative research is carried out inductively, namely by drawing conclusions based on patterns of findings in the field. Thus, this approach is considered relevant for use in analyzing the process of calculating the cost of goods manufactured using the Variable Costing method and its effect on determining the selling price of Crude Palm Oil (CPO) at PT. Sumber Tani Agung (PKS Sabungan).

2. RESEARCH METHOD

This research uses a descriptive qualitative approach, which is an approach aimed at understanding and describing social phenomena in-depth based on the perspective of the subjects involved. The qualitative approach does not only focus on numerical data but emphasizes more on the meaning, experience, and interpretation of events or situations experienced by research participants. In this approach, the researcher tries to understand social reality as experienced, understood, and lived by the participants. In other words, qualitative research is naturalistic because it seeks to explore meaning from real situations without manipulating the environment or variables. To collect data, researchers use several techniques: direct observation, participant observation, in-depth interviews, document studies, and other additional techniques such as field notes, which are used to supplement observation and interview results [16]

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The research was conducted at PT. Sumber Tani Agung (PKS Sabungan) located in Sabungan Village, Sungai Kanan District, South Labuhanbatu Regency, North Sumatra 21461, conducted from April 21 to April 23, 2025.

According to Moleong the research subject is an individual who has information or data directly related to the variables being studied. In the context of qualitative research, the research subject is the party that can provide in-depth and relevant data to the research focus. Therefore, in this study, the chosen subject was the Manager of PT. Sumber Tani Agung (PKS Sabungan), because the concerned individual was deemed to have adequate knowledge and experience related to the process of calculating the cost of goods manufactured and determining the selling price of Crude Palm Oil (CPO) in the company.

This study uses two types of data sources, namely primary data and secondary data. Primary data were obtained directly through observation and semi-structured interviews with relevant informants (Suryani & Mita, 2018). In this case, the research informants consisted of two people, namely the Head of Administration (KTU) and finance department staff of PT. Sumber Tani Agung (PKS Sabungan), who were chosen based on the consideration that they have direct knowledge and involvement in the process of recording and managing production costs.

Meanwhile, secondary data were obtained through company documents or archives related to production cost information. The types of data used in this study include qualitative data and quantitative data. According to Moleong, qualitative data is data presented in narrative or descriptive form, not in numerical form. This data was collected through direct interviews and observation of company activities. Quantitative data were obtained from secondary data sourced from internal company documents, as well as other relevant supporting literature or references.

The data analysis technique used in this study involves several systematic stages. First, the researcher collected data related to the production cost of Crude Palm Oil (CPO) at PT. Sumber Tani Agung (PKS Sabungan). Subsequently, this data was classified into fixed cost components, variable cost components, and the calculation of the cost of goods manufactured by considering mixed cost elements.

The next stage is to manually separate mixed cost components into fixed cost and variable cost elements, considering the characteristics of each type of cost. This classification technique was carried out to support the application of the Variable Costing method in the analysis of the cost of goods manufactured. A manual approach was chosen so that the researcher could carefully identify the cost structure used in the CPO production process at the company.

The interview technique in this study was conducted semi-structured. (Suryani & Mita, 2018) state that semi-structured interviews are included in the in-depth interview category, their implementation is more flexible compared to structured interviews. This aims to find things that are more in-depth and detailed from the respondent. In this study, interviews were conducted with the Head of Administration and the finance department. Both informants are a task force that plays an important role in compiling the researcher's gap analysis. Each informant will provide views related to the researcher's problem formulation or interview questions posed. Thus, the selection of these two informants is because both have competence and are part of the task force so they can answer clearly and in detail the interview questions posed. The interview questions consisted of several specific questions which are derivatives of the research problem formulation.

3. RESULTS AND ANALYSIS

Based on the research conducted at PT. Sumber Tani Agung (PKS Sabungan), it is known that the company prepares and presents several types of financial reports as part of its internal reporting system. However, in this study, the author specifically used only the production cost report and the cost of goods sold report for one month as the basis for analysis. The selection of these two reports was based on their relevance to the research focus, which is to analyze the process of calculating production costs in the operational activities of Crude Palm Oil (CPO) processing [17]

PT. Sumber Tani Agung (PKS Sabungan) requires raw materials in the form of palm oil. The report consists of palm oil raw materials or commonly referred to as FFB (Fresh Fruit Bunches). Data on raw material costs used to produce CPO (Crude Palm Oil) at PT. Sumber Tani Agung (PKS Sabungan) can be seen in the table below.

Table 1. Raw Material Cost for CPO (Crude Palm Oil) Production for One Month

Palm Type	Production per month		Cost per ton		Amount
TBS	5974070 Ton	Rp	11,738.75	Rp	70,128,088,699.00

Source: data processed by the researcher (2025)

Direct labor costs are categorized as mixed costs because they consist of fixed cost components, namely employee salaries paid monthly.

Table 2. Direct Labor Costs for One Month

Description		Amount
Direct labor wages	Rp	834,732,947.00
Total Direct Labor Costs	**Rp**	**834,732,947.00**

Source: data processed by the researcher (2025)

Based on Table 2 above, the total direct labor costs incurred by the company amounted to Rp 834,732,947.00. Subsequently, the production overhead costs incurred during the production process and calculated using the company's method can be seen in the following table:

Table 3. Overhead Costs for One Month using the Company's Method

Description		Amount
Indirect labor wages	Rp	32,622,000.00
Electricity and water	Rp	14,017,007.00
Factory overhead	Rp	3,096,864,000.00
Machine depreciation	Rp	178,890,834.00
Total Overhead Costs	**Rp**	**3,322,393,841.00**

Source: data processed by the researcher (2025)

Based on Table 3 above, the total overhead costs calculated using the company's method amounted to Rp 3,322,393,841.00. From this data, it can be seen that the company has not properly applied cost accounting principles in calculating overhead costs. This is evident from the lack of division of overhead costs into two main categories, namely variable overhead costs and fixed overhead costs, as stipulated in cost accounting principles.

For comparison, the details of overhead costs calculated using the Variable Costing method in the production process can be seen in the following table:

Table 4. Overhead Costs for One Month using the Variable Costing Method

Description	Fixed		Variable	
Indirect labor wages			Rp	32,622,000.00
Electricity and water	Rp	14,017,007.00		
Factory overhead			Rp	3,096,864,000.00
Machine depreciation			Rp	178,890,834.00
Total	**Rp**	**14,017,007.00**	**Rp**	**3,308,376,834.00**

Source: data processed by the researcher (2025)

Based on Table 4 above, the total overhead costs calculated using the Variable Costing method amounted to Rp 3,308,376,834.00. The overhead costs obtained through the Variable Costing method are lower when compared to the calculation of overhead costs carried out by the company.

Subsequently, the calculation of the cost of goods manufactured based on the company's method can be seen in the following table:

Table 5. Calculation of Cost of Goods Manufactured for CPO (Crude Palm Oil) using the Company's Method

Description		Amount
Raw Materials	Rp	70,128,088,699.00
Direct Labor	Rp	834,732,947.00
Company Overhead	Rp	3,322,393,841.00
Total COGM per Month	**Rp**	**74,285,215,487.00**
Divided by total Production		5974070 Ton
COGM per Liter	**Rp**	**12,434.61**

Source: data processed by the researcher (2025)

Based on Table 5 above, the total production cost for 5,974,070 tons of Crude Palm Oil (CPO) is Rp 74,285,215,487.00 per month. If converted into liters, the cost of goods manufactured per liter of CPO is Rp 12,434.61.

Subsequently, the calculation of the cost of goods manufactured using the Variable Costing method can be seen in the following table:

Table 6. Calculation of Cost of Goods Manufactured for CPO (Crude Palm Oil) using the Variable Costing Method

Description		Amount	
Raw Materials	Rp	70,128,088,699.00	
Direct Labor	Rp	834,732,947.00	
Variable Overhead	Rp	3,308,376,834.00	
Total COGM per Month	**Rp**	**74,271,198,480.00**	
divided by total Production			5974070 Ton
COGM per Liter	**Rp**	**12,432.26**	

Source: data processed by the researcher (2025)

Based on Table 6 above, the total cost of goods manufactured for 5,974,070 tons of Crude Palm Oil (CPO) is Rp 74,271,198,480.00 per month. If calculated per liter, the cost of goods manufactured for CPO per liter is Rp 12,432.36.

Based on Tables 5 and 6, it is evident that the calculation of the cost of goods manufactured using the company's method shows a higher value compared to the calculation using the Variable Costing method. This difference is due to the different treatment in calculating overhead costs at PT. Sumber Tani Agung (PKS Sabungan). The company uses a relatively simple calculation method that is not fully in accordance with cost accounting principles. Production costs calculated by the company include raw material costs, direct labor costs, and overhead costs. However, the company's overhead cost calculation has not yet met the applicable cost accounting principles. As seen in Table 3, which contains the calculation of factory overhead costs, the company has not correctly applied the classification of factory overhead costs. Based on cost accounting principles, factory overhead costs should be divided into two main categories, namely variable overhead costs and fixed overhead costs. However, in the calculation presented in Table 4, the company tends to only consider fixed overhead costs and ignores variable overhead costs that should also be included in the calculation of the cost of goods manufactured [18]

The main difference in the calculation of the cost of goods manufactured between the company's method and the Variable Costing method lies in the treatment of overhead costs. In the method used by the company, all cost components including direct raw material costs, direct labor costs, and fixed overhead costs are included entirely in the calculation of the cost of goods manufactured. Conversely, in the Variable Costing method, fixed overhead costs are not included in the cost of goods manufactured but are treated as period costs. As a result of this difference in treatment, the value of the cost of goods manufactured produced through the Variable Costing method tends to be lower compared to the calculation performed by the company [19]

In this context, it can be concluded that the Variable Costing method has a significant role as one of the approaches in calculating the cost of goods manufactured. This method contributes to improving the company's effectiveness in identifying and managing the costs required during the production process, especially to meet consumer demand for the products produced. Furthermore, the application of the Variable Costing method is expected to be an evaluation basis for the company in developing a strategy for calculating the cost of goods manufactured for each product. Thus, the company can set a more appropriate, competitive selling price, and be able to generate profits in accordance with the established targets [20]

The results of this study are in line with the findings in the research conducted by [21], which showed that the calculation of the cost of goods manufactured using the company's method resulted in a higher value compared to the Variable Costing method. In that study, the cost of goods manufactured calculated by the company was Rp 4,730.00, whereas based on the Variable Costing method it was only Rp 4,121.00. This difference was due to the company's inaccuracy in charging factory overhead costs to the calculation of the cost of goods manufactured. The difference arising from these two methods could potentially affect the selling price determination policy, which is one of the main factors in achieving company profit. The difference between this study and the research conducted by Riska Febrianti and Raahmadani as well as Yuda Purniawan lies in the type of business. The research conducted by Riska Febrianti, Raahmadani, and Yuda Purniawan examined companies engaged in the food industry. Meanwhile, the research conducted by the author focused on companies engaged in the palm oil processing industry sector, namely Crude Palm Oil (CPO), in this case, PT. Sumber Tani Agung (PKS Sabungan).

Companies are advised to be more careful and thorough in calculating factory overhead costs, so that the calculation of the cost of goods manufactured can accurately reflect the total costs actually incurred during the production process. Inaccuracy in calculating the cost of goods manufactured can lead to the determination of an inappropriate selling price, which can ultimately cause errors in managerial decision-

making and impact the achievement of suboptimal profit. Thus, the choice of method for calculating the cost of goods manufactured becomes a very crucial aspect in managing company costs. The use of an appropriate method will help the company in establishing a more effective pricing strategy, while also supporting the company's business continuity (sustainability) in the long run.

4. CONCLUSION

Based on the research results of the analysis of the Variable Costing method calculation, the author draws the following conclusions:

The calculation of the cost of goods manufactured using the company's method shows a higher result compared to the Variable Costing method. This difference is due to the different treatment of overhead costs. In the company's method, all cost elements, both fixed and variable, are charged to the product. Meanwhile, the Variable Costing method only considers variable costs as a component of the cost of goods manufactured. Therefore, the difference in results between the two methods arises due to the different treatment of fixed overhead costs.

Based on the calculations, it is known that the total cost of goods manufactured calculated using the company's method is Rp 74,285,215,487.00 per month, whereas the calculation using the Variable Costing method results in a value of Rp 74,271,198,480.00 per month. The difference between these two methods results in a difference of Rp 14,017,007.00 per month. This difference is primarily due to inaccuracies in the treatment of overhead costs, where overhead costs are not detailed and charged systematically according to cost accounting principles. Consequently, the calculation of the cost of goods manufactured by the company becomes less accurate and does not fully reflect the actual cost conditions as regulated in relevant theories.

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