UNIVERSITAS
GADJAH MADA
Effects of Different Inventory Valuation Cost Accounting Methods on Company Profits and Return on Total Cost in Indonesiaâ€™s Private MSME fashion Industry: A Case Study of Brand EH
Aurel Shaleisha Adam, Ertambang Nahartyo, Dr., M.Sc., CMA., Ak., CA.
Universitas Gadjah Mada, 2026 | Diunduh dari http://etd.repository.ugm.ac.id/

Effects of Different Inventory Valuation Cost Accounting Methods on Company Profits and Return on Total Cost in Indonesia's Private MSME fashion Industry: A Case Study of Brand EH

Aurel Shaleisha Adam
NIM. 21/472851/23264
Accounting Study Program, Faculty of Economics and Business, Gadjah Mada University
aurel.shaleisha1903@mail.ugm.ac.id
Bachelor Thesis Supervisor: Ertambang Nahartyo, Dr., M.Sc., CMA., Ak., CA.

Abstract

This study examines the relationship between the different inventory cost accounting methods using 2 cost flow assumptions acknowledged by the Indonesian accounting standards of PSAK 202 and 2 different recording methods, perpetually and periodically, of each cost flow assumption. The research is motivated by the lack of understanding and application of proper cost accounting in Indonesia's MSME's, more specifically in the fashion retail industry.

Using a case study of a local Indonesian micro manufacturing fashion retail, segmented in streetwear, this study showcases simulation outputs in using said methods. This thesis is a quantitative singular case study of the brand EH (abbreviated to remain its anonymity), completed with additional explanatory and descriptive factors and explores more about the applicability of various inventory valuation methods.

The results of the research further proves that because of the economic inflation and rising prices of materials, the First-In, First Out (FIFO) method causes a higher total net operating profit and ROTC in comparison to the Average Costing (AVCO) cost flow assumption since the value of the materials used in its calculation are taken consecutively and based on the historical cost.

Key words: First-In, First Out (FIFO), Average Costing (AVCO), cost flow assumption, inventory valuation, cost accounting, PSAK 202