

# Inventory Accounting Treatment And Its Effect On Financial Statements At PT Indofood Fortuna Makmur

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**Abstract:** Treatment inventory accounting is how companies treat inventory owned under SAK. In this study, data were collected using interview techniques, and documentation. The data analysis carried out is a qualitative descriptive analysis, the data obtained is explained and then compared between the inventory accounting treatment applied by the company and SAK. The results of this study show that PT Indofood Fortuna Makmur has not fully implemented inventory accounting treatment in accordance with SAK. Thus, in the preparation of the income statement and the statement of the company's financial position, the excess recognizes the amount of profit and also the company records that the amount of merchandise inventory is not in accordance with the state of the inventory owned. In this regard, the financial statements produced by the company cannot be presented reasonably because the company has not charged losses on inventory that has decreased in value into the income statement and has not reduced the amount of merchandise inventory with inventory that has decreased in value in accordance with the Statement of Financial Accounting Standards.

**Keywords:** Accounting Treatment, Merchandise Inventory, SAK, Financial Statements

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## Introduction

The PT Indofood Fortuna Makmur is one of the trading companies that obtains inventory from several suppliers. In this case, the inventory will be resold at a price higher than the purchase price. However, there are several factors that cause the inventory in the company not to sell well, such as inventory damage to the packaging and has entered the expired period which will later affect the decline in the value of inventory. Goods that have decreased in value or damaged goods can be interpreted as goods that do not meet production quality standards. Inventory has a strong influence on the profit to be generated, whether in service, trading, or manufacturing companies (Darwati et al, 2019). In this regard, companies must be able to estimate and recognize inventory that has decreased in value by applying the correct inventory accounting treatment in accordance with SAK in order to obtain relevant financial statements. However, PT Indofood Fortuna Makmur has not estimated and acknowledged the decline in the value of these supplies, but PT Indofood Fortuna Makmur only carries out the process of burning inventory that has decreased in value. If this is done continuously every year, there will be deviations in the financial statements presented by the company.

Deviations in financial statements are caused by several things, one of which is an error in the treatment of inventory accounting applied in the company. Based on this, the company also requires recording and assessing inventory to be able to find out how conditions occur in the inventory owned (Keso et al, 2021). Thus the company will be easier to apply inventory accounting treatment in accordance with SAK. The application of inventory accounting treatment in accordance with SAK will greatly affect the fairness of the financial statements, especially when presenting the amount of the company's profit. The amount of profit from PT Indofood Fortuna Makmur does not show the actual nominal because the company has not recognized and imposed inventory that has decreased in value due to damage in accordance with SAK. If the company applies inventory accounting treatment according to SAK, the company will recognize the amount of impairment of inventory and impose a decrease in the value of inventory to the financial statements, especially on the income statement and financial position statement. Thus, the company will avoid deviations in presenting financial statements.

## Method

The type of research used is qualitative research. This research was conducted at PT Indofood Fortuna Makmur for 6 months from February to July 2022. The subject of research is the accounting and financial part. Meanwhile, the purpose of this study is how to describe the treatment of inventory accounting according to SAK and describe the effect of inventory accounting treatment on financial statements at PT Indofood Fortuna Makmur. The data collection techniques used are interviews and documentation. To assess the accuracy of the data, this study used triangulation, namely by source triangulation, engineering triangulation, and time triangulation. The data analysis used is a descriptive qualitative analysis by identifying data starting from the collection of company data, conducting interviews with research subjects and collecting company financial documents. After that, the results of the interview and documents will be used as a basis for comparing the inventory accounting treatment applied to the company with the SAK. Then after comparing the company's inventory accounting treatment with SAK, it will be known the effect of inventory accounting treatment on the financial statements presented by the company.

## Result and Discussion

1. Conformity of Inventory Accounting Treatment During the 2021 Period at PT Indofood Fortuna Makmur with Statement of Financial Accounting Standards (PSAK)
  - a. Inventory Accounting Recognition
 

At PT Indofood Fortuna Makmur, the goods will be recognized as inventory when the goods have arrived at the company which is then stored in the motor team warehouse. The recognition is in accordance with PSAK No. 14, but there is also a discrepancy in the recognition of inventory applied by the company with PSAK No. 14, namely, the company does not recognize damage to inventory and does not charge losses from the decrease in inventory value due to damage. Basically, according to PSAK No. 14, inventory damage should be charged in the period of loss of the inventory.
  - b. Inventory Accounting Measurement
 

In the measurement of inventory at PT Indofood Fortuna Makmur, it is measured by the cost of acquisition when obtained from purchases. The cost of acquiring inventory includes, the purchase price, transportation costs, handling fees, and other costs. The measurement is in accordance with PSAK No. 14, but there is also a discrepancy in the inventory measurement applied by the company with PSAK No. 14 which states that other costs such as inventory that have decreased in value are charged as inventory costs as long as these costs arise so that the inventory is in a condition and place that is ready to be sold or used. Based on this, inventory should be measured by the net realized value. Inventory that has decreased in value should be measured by the burden of loss incurred by damage to inventory.
  - c. Presentation of Inventory Accounting
 

Then for the presentation of inventory, PT Indofood Fortuna Makmur revealed the inventory in the financial position report precisely in the current asset group where this inventory is a real account. This presentation is in accordance with PSAK No. 14. However, PT Indofood Fortuna Makmur did not disclose the burden of loss on inventory that experienced a decrease in value due to damage in 2021. So that the financial statements presented by PT Indofood Fortuna Makmur do not show the real situation. According to PSAK No. 14, the damaged inventory should be recognized as a loss expense during the current period. This means that a decrease in the amount of inventory must be recognized as a reduction in the amount of inventory on the financial position statement and the inventory that has decreased in value should be recognized as an expense and disclosed in the financial statements, especially on the income statement.
2. Effect of Inventory Accounting Treatment Based on Financial Accounting Standards (PSAK) on Financial Statements for the 2021 Period
  - a. Income Statement
 

In the income statement of PT Indofood Fortuna Makmur before being presented based on the Statement of Financial Accounting Standards, it does not recognize any expenses for the decrease in the value of inventory so that the amount of expenses owned by PT Indofood Fortuna Makmur is IDR 284,525,379.27 with a total profit of IDR 329,696,957.87. However, after physical checking, it turned

out that PT Indofood Fortuna Makmur had a nominal inventory of damaged goods of IDR 11,028,650.00. On the income statement, the nominal inventory of goods that have been damaged will increase the burden in accordance with the statement of financial accounting standards, the nominal inventory of goods that have been damaged should be recognized and charged according to the period of damage to the inventory. Thus, the total expenses owned by PT Indofood Fortuna Makmur amounted to IDR 295,554,029.27. With this amount, it will reduce the amount of company profit, so that the amount of profit that should be owned by PT Indofood Fortuna Makmur is IDR 318,668,307.87.

b. Statement Of Financial Position

In the financial position report of PT Indofood Fortuna Makmur before being presented based on the Statement of Financial Accounting Standards, it is stated that the amount of merchandise inventory owned is IDR 484,020,000.00. However, after physically checking the inventory, it turned out that there were items that were damaged and resulted in a decrease in the value of the inventory, with a nominal damaged item of RP11,028,650.00. In this case, PT Indofood Fortuna Makmur has not acknowledged the amount of merchandise inventory that has decreased in value, so that the presentation of the financial position report has not shown the nominal inventory of merchandise reasonably. If the financial position report is prepared based on Financial Accounting Standards, then PT Indofood Fortuna Makmur should recognize the amount of inventory that has decreased in value of IDR 11,028,650.00. Thus, the amount of impairment of these inventories will reduce the amount of merchandise inventory owned by PT Indofood Fortuna Makmur. Thus, the amount of merchandise inventory that should be owned by PT Indofood Fortuna Makmur after deducting the supply that experienced a decrease in value was IDR 472,991,350.00.

## Conclusion

PT Indofood Fortuna Makmur in the application of inventory accounting treatment has not acknowledged any decrease in the value of inventory for the damage suffered. This has not shown compliance with the Financial Accounting Standards (PSAK) which states that any decrease in the value of inventory must be recorded and recognized as an expense during the period of impairment of the inventory. And the influence caused when applying inventory accounting treatment in accordance with PSAK is that the company will produce accurate financial statements. In this case, the company recognizes and imposes a decrease in the value of inventory of IDR 11,028,650.00 and will obtain the real profit on the income statement of IDR 318,668,307.87. Meanwhile, in the financial position report, the amount of impairment is also a deduction for the inventory of merchandise owned by the company, therefore the amount of inventory that should be owned by PT Indofood Fortuna Makmur is IDR 472,991,350.00.

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