



Assets Accounting Systems: A Literature Review

Ghusny Damayanti¹, Yusri Hazmi², Vanessa Ocha Rachman³, Riska Vebriyanti⁴

Lhokseumawe State Polytechnic

Corresponding Author: yusri.pnl@gmail.com

ARTICLE HISTORY

Received June 2024

Revised July 2024

Accepted July 2024

ABSTRACT

The inventory accounting system can be done in two ways, namely manually and with a computerized system. Inventory accounting system manually and by method physically counts the goods in the warehouse and then makes a report on the remaining inventory. while the inventory accounting system is computerized so the recording is carried out by entering data on goods that have been sold and goods that have been purchased into the computer system, then the computer will automatically reduce the inventory data available with data on goods that have been sold. The inventory accounting system aims to record mutations for each type of inventory stored in the warehouse. This system is closely related to the sales system, sales returns system, purchasing system, purchase returns system, and production cost accounting system. Inventory of finished products Accounting System Transactions Relevant Systems and Procedures Finished products produced Sales returns Procedure for recording the cost of finished products Procedure for recording the cost of finished products sold Procedure for recording the cost of finished products received back from buyer's Physical inventory counting system Physical inventory count.

Keywords: *Inventory Accounting System, Physical Counting of Inventory, Inventory Computerization System, Inventory Mutation, Procedure for Recording Finished Product Costs.*

INTRODUCTION

The inventory accounting system aims to record mutations for each type of inventory stored in the warehouse. This system is closely related to the sales system, sales returns system, purchasing system, purchase returns system, and production cost accounting system [1]. Inventories are assets available for sale in the ordinary course of business, in the production process for such sale or in the form of supplies for use in the production process or providing services. The [2] defines inventory of assets available for sale in ordinary business activities, in the production process for such sales or in the form of materials and equipment for use in the production process or providing services. [3] inventory is a number of finished goods, raw materials and goods in process that a company owns for sale or further processing. Next [4] defines inventory as goods that are stored or sold at certain times depending on existing demand or will be sold in the future period of time.

Inventory consists of finished product inventory, product inventory in process, raw material inventory, auxiliary material inventory, factory consumable material inventory, spare parts inventory. In a trading company, inventory only consists of one group, namely merchandise inventory, which is goods purchased for the purpose of resale. Transactions that change finished product inventory, raw material inventory, auxiliary material inventory, factory consumable material inventory, and spare parts inventory are related to internal company transactions and transactions involving parties outside the company (sales and purchases), while transactions that change product inventory The entire process is in the form of internal company transactions.

Inventory is an item of assets held for sale in ordinary business activities or goods that will be used or consumed in the production of goods to be sold [5]. Inventory is an element of current assets which is the largest asset in a trading company. So, inventory becomes a very important element in a trading company. Inventory at a trading company is different from inventory at a manufacturing company. Inventory in the company is classified as follows:

1. Inventory at trading companies (merchandise inventory)

Trading companies only buy and resell goods without changing their physical form and adding value. In trading companies, merchandise inventory is used to represent all goods owned with the aim of selling in the relevant period and in the future.

2. Inventory in industrial companies (manufacturing inventory)

In manufacturing companies, inventory is divided into three parts, namely: raw material inventory which is goods obtained for use in the production process, inventory of semi-finished goods or goods in process which are goods

goods that are still in the process of being worked on before finally becoming finished goods, and finished goods inventory which are goods that have been produced so that they become finished goods that are ready to be sold.

LITERATURE REVIEW

Inventory Manufacture

Inventory manuscripts in manufacturing companies, inventory consists of: finished product inventory, product inventory in process, raw material inventory, auxiliary material inventory, factory consumables inventory, spare parts inventory. In a trading company, inventory only consists of one group, namely merchandise inventory, which is goods purchased for the purpose of resale. Transactions that change finished product inventory, raw material inventory, auxiliary material inventory, factory consumable material inventory, and spare parts inventory are related to internal company transactions and transactions involving parties outside the company (sales and purchases), while transactions that change product inventory The entire process is in the form of internal company transactions[6] .

Documents in stock

Documents The documents used in the procedure for recording inventory of products in process are: This memorial evidence is accompanied by a product in process report which is used to record additional journal entries for the cost of inventory of products in process in the general journal. Memorial evidence is also used as a source document in recording readjustment inventory of the cost of products in process. In the procedure for recording inventory of products in process, the Warehouse Department does not record inventory of products in process because the inventory is not physically transferred from the Production Section to the Warehouse Section[6]. Likewise, the Inventory Card Department does not record product inventory in the process on the inventory card. This Document Flow Chart for Recording the Cost of Products in Process depicts the document flow chart for the procedure for recording the cost of products in process. It can be seen that the Inventory Card Section calculates the cost of product inventory in process at the end of the accounting period based on the data collected in the product cost card[6], [7] . The product in process report received by the Inventory Card Section from the Production Department contains information on the quantity of product in process and the estimated level of completion of product in process in the production function at the end of the accounting period. Data on the cost of inventory for products in process is used by the Inventory Card Section to create two types of memorial evidence: (1) the first type of memorial evidence is used to record the amount of factory overhead costs which are calculated into the cost of products in process based on rates determined in advance, and (2) the second type of memorial evidence is used to record the cost of product inventory in process at the end of the accounting period. The first type of memorial evidence is used by the Journal Section to record expense charge factory overhead to products in process in the general journal with the following journal: Goods in Process-Factory Overhead Costs Factory Overhead Costs Charged.

Accounting System

Fixed Asset Accounting System Fixed assets have different characteristics from current assets. If current assets are controlled at the time of consumption, control of fixed assets is carried out when planning the acquisition of these assets. This is because there are many expenses related to fixed assets that cannot but be made because they are committed costs, which during the period of operation of fixed assets, these types of costs cannot be controlled by management through the

authority it has. Because control of fixed assets is carried out at the time of planning for their acquisition, the fixed asset accounting system provides an authorization mechanism from the time of planning until the time of implementation of the acquisition of fixed assets [8].

METHODS

The research method used in this study is library research. This method involves collecting data from various written sources in the library, such as books, journals, articles, and other documents relevant to the research topic. Data collection is done through library studies, namely by reviewing and analyzing reference materials available in the library [9]. Literature study is an effective technique for collecting secondary data that is in-depth and rich in information related to the research subject. The data collection technique used in this research is literature study. Data is collected by reviewing reference books in the library, scientific journals, articles, and other written documents related to the topic discussed. The type of data used is secondary data, namely data obtained from previously published written materials. This secondary data is very important because it provides a strong theoretical foundation and supports the analysis carried out in the study [10].

Data analysis in this study uses descriptive methods. This method is used to describe the research results systematically and accurately, as well as to interpret the data that has been collected. The steps in descriptive analysis include data collection, data preparation, data analysis, and conclusion drawing. Through descriptive methods, researchers can describe the phenomenon or event under study in detail and in depth, so as to produce relevant and useful conclusions. The use of library research methods and descriptive analysis in this research aims to gain an in-depth understanding of the topics discussed. By collecting and analyzing secondary data from various written sources, researchers can compile a comprehensive picture of the research subject. The conclusions generated from this research are based on thorough and in-depth data analysis, thus making a significant contribution to the theoretical and practical understanding in the field under study [11].

RESULTS AND DISCUSSION

Inventory Recording Methods

Types of inventories recording methods: inventory mutation (perpetual There are two methods) and physical inventory method (physical inventory method). because usage is not recorded on the inventory card. To find out how much the cost of inventory used in inventory must be done by physically counting the remaining inventory still in the warehouse at the end of the accounting period. The cost of inventory at the beginning of the period plus the cost of inventory purchased during the period minus the cost of inventory at the end of the period is the cost of inventory used during the relevant accounting period. The physical inventory method is suitable for use in determining raw material costs in companies whose product costs are collected using the process cost method. The inventory mutation method is suitable for use in determining raw material costs in a company. The cost of its products is collected using the order cost method. In a manual inventory accounting system, two accounting records are maintained, in the warehouse function and in the accounting function. In the Warehouse Section cards are held warehouse to record inventory quantities and mutations for each type of goods stored in the warehouse. Usually, warehouse cards do not contain data on the basic price of each type of item, but only contain information on the quantity of each type of item stored in the warehouse. This warehouse card is kept in an archive at the warehouse office to record changes in the physical quantity of goods in the warehouse. In addition to the warehouse card, the Warehouse Section also maintains a goods card which is attached to the goods storage area. This goods card functions as an identity for the goods being stored, to make it easier to search for goods and at the same time to record changes in the quantity of goods. In the Inventory Card Section (accounting function) inventory cards are maintained which are used to record the quantity and cost of goods stored in the warehouse. This inventory card

functions as a control tool for recording the quantity of goods maintained by the Warehouse Department. In addition, this inventory card contains details of the relevant inventory control account in the general ledger. The following is an example of the use of the inventory mutation method and the physical inventory method applied in a company's raw material inventory that uses the first-in, first-out method in determining the cost of raw materials used in its production. Example I Company

Procedure For Requesting and Disputing Warehouse Goods

Procedure Description This procedure is one of the procedures that forms the production cost accounting system. In this procedure, the cost of inventory of raw materials, auxiliary materials, factory consumables and spare parts used in production activities and non-production activities is recorded. Document The source document used in this procedure is proof of the request and release of warehouse goods. This evidence is used by the Warehouse Department to record reductions in inventory due to internal use. This evidence is used by the Inventory Card Section to record reductions in the quantity and cost of inventory due to internal use. This evidence is also used as a source document in recording inventory usage in the raw materials usage journal or general journal. depicts an example of proof of demand and release of warehouse goods. Document Flow Chart Procedure for Requesting and Dispensing Warehouse Goods Procedure for requesting and releasing warehouse goods Procedure for Requesting and Dispensing Warehouse Goods. WAREHOUSE GOODS RETURN PROCEDURE Procedure Description Warehouse goods return transactions reduce costs and increase inventory in the warehouse. The journal created to record these transactions in the general journal is: Inventory of Raw Materials Inventory of Auxiliary Materials XX XX Inventory of Factory Consumables XX Inventory of Spare Parts Goods in Process-Raw Materials XX Actual Factory Overhead Costs XX Administrative and General Costs XX XX Marketing Costs XX. It can be seen that calculating raw material costs using the MPKP method produces the same amount whether using the inventory mutation method or the physical inventory method. By using another method of determining the cost of inventory (For example, last in, first out method and weighted average cost of goods method) the cost and ending inventory calculations produced by the inventory mutation method and the physical inventory method are different. The inventory accounting system is a method used by companies to record and manage their inventory continuously. In this system, any changes or mutations in inventory, be it purchases, use in production, or sales, are recorded in real-time. For example, a company has an initial inventory of 1,000 kg with a value of Rp 2,440,000. During a certain period, the company purchases an additional 1,700 kg of raw materials with a value of Rp 4,800,000. The total raw materials available for processing became 2,700 kg with a value of Rp 7,240,000. This system allows the company to always know the amount of inventory available.

At the end of the period, a physical inventory count is performed to verify the amount of inventory physically on hand and ensure the accuracy of the accounting records. For example, at the end of January, the physical inventory shows that there are 1,100 kg of raw materials with a value of Rp 2,750,000. The difference between the total available raw materials and this ending inventory reflects the raw materials that have been used during the period. In this example, the cost of raw materials used during January is Rp 4,490,000, which is obtained from subtracting the total available raw materials from the ending inventory.

The procedure for recording the cost of finished products is very important in this system. This procedure includes recording all the costs of raw materials used in production as well as other costs until the product becomes finished goods. In addition, there is also the procedure of recording the cost of products sold, which involves recording all the costs of products that have been sold during a given period. This procedure ensures that all costs associated with the production and sale of goods are properly recorded, so that the company's financial statements reflect an accurate financial condition.

Another related procedure is the recording of returned products. Products received back from customers are recorded in the system to reduce the amount of inventory sold and adjust the available inventory. This inventory mutation system allows the company to monitor its inventory continuously, so that it can manage the purchase and use of raw materials more efficiently. In addition, the system also helps in minimizing errors and losses in inventory management, and ensures that the company always has sufficient inventory to meet production and sales demand. MPKP Method with Physical Inventory Method SYSTEMS AND PROCEDURES RELATING TO THE ACCOUNTING SYSTEM INVENTORY The systems and procedures related to the inventory accounting system are:

1. Procedures for recording finished products;
2. Procedure for recording the cost of finished products sold;
3. Procedure for recording the cost of finished products received back from buyers;
4. Procedures for additional recording and readjustment of the cost of product inventory in process;
5. Procedure for recording the cost of inventory purchased;
6. Procedure for recording the cost of inventory returned to suppliers;
7. Procedures for requesting and releasing warehouse goods;
8. Procedure for recording additional cost of inventory due to the return of warehouse goods;
9. Physical inventory counting system.

CONCLUSION

The inventory accounting system aims to record mutations for each type of inventory stored in the warehouse. This system is closely related to the sales system, sales returns system, purchasing system, purchase returns system, and production cost accounting system. Various procedures are described which are part of the various systems mentioned above that affect inventory. with a description of the physical inventory counting system, which is an important element of the internal control system for inventory. Inventory of finished products Accounting System Transactions Relevant Systems and Procedures Finished products produced Sales - Sales returns Procedure for recording the cost of finished products Procedure for recording the cost of finished products sold Procedure for recording the cost of finished products received back from buyer's Physical inventory counting system Physical inventory count. Inventory of products in process Products completed in production Read justment Physical inventory count Procedure for recording finished products Procedure for readjustment of inventory of products in process Physical inventory counting system. Inventory of raw materials Purchase Procedure for recording the cost of purchased inventory Purchase return Procedure for recording the cost of inventory returned to the supplier Procedure for requesting and issuing warehouse goods Usage of warehouse goods (recorded as raw material costs) Return of warehouse goods Physical inventory count Procedure additional recording of the cost of inventory due to the return of warehouse goods. Physical inventory counting system.

REFERENCES

- [1] Y. Hazmi, F. Faisal, E. S. Arifin, A. Imran, and T. Zulkarnain, "Pelatihan Pengawasan Dana Desa Kepada Pemuda Gampong Meunasah Mesjid Keude Cunda Kecamatan Muara Dua Kota Lhokseumawe," in *Prosiding Seminar Nasional Politeknik Negeri Lhokseumawe*, 2020, pp. 55–58.
- [2] Indonesian Accountants Association (IAI), *Statement of Financial Accounting Standards (PSAK) No. 14*. Jakarta: Financial Accounting Standards Board., 2018.
- [3] Rudiyanto, *Inventory Accounting and Its Implementation*. Jakarta: Andi Publishers., 2012.

-
- [4] N. K. L. Andriana, R. Monoarfab, and L. Pakayac, "Analisis Sistem Informasi Akuntansi Persediaan Obat-Obatan di Klinik," *Jambura Accounting Review*, vol. 4, no. 2, pp. 297–309, 2023.
- [5] D. E. Kieso, J. J. Weygandt, T. D. Warfield, I. M. Wiecek, and B. J. McConomy, *Intermediate Accounting, Volume 2*. John Wiley & Sons, 2019.
- [6] J. Heizer, B. Render, and C. Munson, *Operations management: sustainability and supply chain management*. Pearson, 2020.
- [7] L. J. Krajewski and M. K. Malhotra, *Operations management: Processes and supply chains*. Pearson, 2022.
- [8] C. T. Horngren, *Cost accounting: a managerial emphasis*. Pearson Education India, 2009.
- [9] Sugiyono, *Metode Penelitian Kualitatif*. Bandung: Alfabeta, 2020.
- [10] J. W. Creswell and J. D. Creswell, *Research design: Qualitative, quantitative, and mixed methods approaches*. Sage publications, 2017.
- [11] M. Zed, *Metode penelitian kepustakaan*. Yayasan Pustaka Obor Indonesia, 2008.