



Cost of Inventory Calculation Analysis Using The Fifo and Lifo Methods

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Abstract

The calculation of the Cost of Inventory (COGS) that is allowed to be used according to PSAK (Statement of Financial Accounting Standards) number 14 is the FIFO (First In First Out) and average methods, while the LIFO (Last In First Out) method is not recognized because it is considered that this method can underestimate profit so the tax must be paid by the company becomes smaller. This is what causes the author to research by analyzing the data obtained from CV Glory Dewi Kencana. This study is used a qualitative descriptive analysis method, which is collecting data through documentation, then analyzing the data that has been obtained. The data is obtained in the form of secondary data in January 2020, namely data on purchases and sales of three commodities in the form of oil, sugar, and rice. Based on this research, it was found that using FIFO (First In First Out) method did not absolutely result in greater profits or profits. If the purchase price tends to increase, the calculation using the FIFO (First In First Out) method will increase the company's profit, but on the other hand, if the purchase price tends to decrease, then the calculation using this method will cause the company's profit to shrink.

Keywords: Cost of Inventory, FIFO-LIFO Methods

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