

COST ACCOUNTING FOR SERVICE COMPANY

(Case Study in Private Universities in Bandung City)

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ABSTRACT

Cost information is very important for all types of companies. Cost information is basically generated by financial accounting in general, but detailed cost information is only conveyed by cost accounting. This study aims to open thinking about the opportunities for the use of cost accounting in service companies in the form of private university. The sample of this research is 8 (eight) private universities in the City of Bandung. Research conducted is qualitative research with secondary data as the main data source. The analysis method used is descriptive qualitative. The results showed that the costs at the private university can be classified into types of variable costs, semi-variable costs, semi-fixed costs, and fixed costs. Costs at private universities are mostly in the type of semi-variable costs and fixed costs. The suggestion from this study is that private universities in addition to using financial accounting also need to use cost accounting together to produce cost reports in more detail which will be very useful for the purposes of analysis and decision making. The academic advice from this research is that in order to determine or classify costs more accurately, it is necessary to approach the quantitative cost behavior analysis.

Keywords: Cost Accounting, Service Company, Private Universities

INTRODUCTION

Cost information is very important for all companies. One accounting system that produces cost information is cost accounting (Horngren, Datar, & Foster, 2006). Cost accounting is generally used by manufacturing companies but basically can be used by other types of companies including service companies. One form of service company is a private university. Private universities need cost information in relation to calculating the variable costs of each lecture held. The calculation of variable costs cannot be provided by financial accounting but can be presented by cost accounting. Cost accounting presents costs by classifying costs into variable costs, semi-variable costs, semi-fixed costs, and fixed costs (Mulyadi, 2016).

This study aims to open up a thought or opportunity whether cost accounting which is basically intended for manufacturing companies can be applied and is useful in non-manufacturing companies which in this case are service companies. The selected service companies are private universities. For private universities, cost information is expected to help them control costs and improve efficiency. Cost information will also certainly be useful for them to project costs as material for short-term, medium-term, and long-term decision making (Mulyadi, 2016). Cost accounting should be able to present more detailed cost information than cost information produced by financial accounting (Dunia, Abdullah, & Sasongko, 2018)

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METHOD

Research conducted is a type of qualitative research. The research method used in this research is descriptive qualitative or exploratory descriptive (Sugiyono, 2008). Secondary data is the main data used in this study. The sample in this study was a large private university in the city of Bandung with national accreditation rating criteria of more than B (good), namely: Telkom University, Bandung Islamic University, Pasundan University, Parahyangan University, Widyatama University, Maranatha University, Computer University, and Langlang Buana University. Secondary data used in the form of college financial reports, college websites, newspapers, magazines and others that contain information related to research needs (Arikunto, 2006).

LITERATURE REVIEW

Cost Accounting and Service Company

Cost accounting arises on the basis of the need for information related to production costs or cost of production which is important for management in conducting various analyzes and decision making (Heizer dan Render, 2011). Cost accounting is an accounting system or concept whose purpose is to produce detailed information related to costs in particular production costs (Dunia, Abdullah, & Sasongko, 2018). In the cost accounting manufacturing company contains elements such as the calculation of raw material costs, labor costs, and overhead costs and grouping of each cost into elements of variable costs, semi-variable costs, semi-fixed costs, and fixed costs (Mulyadi, 2016). In trading companies, variable costs are usually seen in financial statements in the form of merchandise inventories and in service companies variable costs are not visible at all and accumulate in administration and financial costs (Horngren, Datar, & Foster, 2006; Saudi, 2018).

In cost accounting the classification of costs can be done with a variety of classifications, namely: (1) according to the object of its expenditure, (2) according to its functions within the company, (3) according to its relationship with the financed, (4) according to its behavior, and (5) according to the term of the benefits (Mulyadi, 2016). In trading and service companies some of the cost classifications above are basically also presented by financial reports produced by financial accounting but there are classifications of costs that are not presented from financial accounting that is the classification of costs according to their relationship with the funded and according to their behavior or according to their relationship with the volume of activities (Dunia, Abdullah, & Sasongko, 2018).

Classification of costs according to their relationship with those financed in cost accounting is divided into two namely: direct costs and indirect costs (Mulyadi, 2016). Direct costs are costs that can be identified on a type of goods produced and indirect costs are costs that cannot be identified directly to the types of goods produced. In the trading company the type is the type of goods sold and in the service company the type is the type of activity or activities carried out (Horngren, Datar, & Foster, 2006).

Cost classification according to behavior divides costs into four forms, namely: variable costs, semi-variable costs, semi-fixed costs, and fixed costs (Mulyadi, 2016). This type of classification is aimed at separating which costs will be affected by the volume of production (manufacturing companies) or the volume of activities (trading and service companies) and then used to project the needs of each cost in the future (Horngren, Datar, & Foster, 2006). Variable costs are costs that increase in proportion to the volume of production or activity (Dunia, Abdullah, & Sasongko, 2018). Semi-variable costs are costs that increase when the volume of production, but increases but not comparable. Semi-fixed costs are costs that have fixed and variable characteristics. Fixed costs are costs that are fixed or not affected by the volume of production in certain production volumes or activities (Heizer, Render, & Monson, 2017). In this study, direct and indirect costs of service companies are separated and then classified into variable costs, semivariable costs, semi-fixed costs, and fixed costs.

DISCUSSION

Information on variable costs and fixed costs is needed for universities, especially private universities, to make decisions regarding class capacity and related to determining earnings (Mulyadi, 2016). The following is a classification table of costs at private universities to organize commercial education activities:

Table 1.
 Cost Lists and Classifications
 Private Universities Institution
 (Sample)

List of Cost	Variable Cost	Semi Variable Cost	Semi Fixed Cost	Fixed Cost
Guset Lecture Honor	√			
Extra Lecture Honor	√			
Tuition equipment costs	√			
And Others	√			
Meeting Consumption Costs (Course)		√		
Stationary Cost (Office)		√		
Electricity Cost		√		
Telephone Cost		√		
And Many Others		√		
Rent a Lecture Building			√	
Rent a Parking Building			√	
And Others			√	
Routine Vehicle Maintenance				√
Routine Building and Park Maintenance				√
Routine Information & Communication Technology Maintenance				√
And Many Others				√

Source : Secondary data analysis (2020)

Table 1. Shows the results of identifying the types of costs at private universities. The main variable types of costs in private universities consist of the cost of teaching excess teaching fees, outstanding lecturer honor fees (guest lecturers), and the cost of stationery or equipment (lectures). while several types of semi-variable costs as shown in table 1. that is the cost of meeting consumption (coordination) lectures, the cost of office stationery, electricity costs, and telephone costs.

Some (sample) types of semi-fixed costs at private universities include the cost of renting a parking building and lecturing a building. In private universities that have their own land, buildings and large (large) semi-permanent costs, there are basically almost

no costs, this is because in relation to lecture rooms and parking lots, they have enough lecture and parking spaces to accommodate the number of students who actively conducts lectures. The next type of costs is fixed costs where private universities that are included in this type are examples (samples) are various routine maintenance costs (routine vehicle maintenance, routine building and park maintenance, and maintenance of information and communication system technology).

CONCLUSION

Private Universities is a service company that must always control its costs very tightly (heart) so that any inefficiencies can be immediately detected and taken the best solution. The type of variable costs at private universities is indeed not much, that is, it consists only of the fees for teaching excess lecturers, teaching fees for visiting lecturers, and fees for stationery and equipment (lectures / classes), however this type of cost information is very important so that organizations are able to control , capacity planning, and prediction of variable costs in the short term, medium term, long term. In addition to variable costs at private universities variable costs are no less important than variable costs, this is due to the type of semi variable costs quite a lot when compared to variable costs. Semi fixed costs and fixed costs are not too important for private universities but the information is sufficiently accommodated in the financial statements produced by the financial accounting of private universities.

The importance of information related to variable costs, semi-variable costs, semi-fixed costs, and fixed costs for private universities so in addition to using financial accounting that produces financial reports it is highly recommended that private tertiary institutions also make financial reports with a cost accounting approach that will be beneficial for taking short term, medium term, and long term decisions. Quantitative cost behavior analysis also needs to be done in further research so that the classification of costs can be more accurate.

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