

## ANALYSIS OF ACCOUNTING FOR DAMAGED PRODUCT INVENTORY AT NORA STORE, LAWE BULAN DISTRICT, SOUTHEAST ACEH REGENCY

Indra Utama <sup>1\*</sup>

<sup>1</sup> Universitas Gunung Leuser

Email Correspondence: [indrautama\\_1974@yahoo.com](mailto:indrautama_1974@yahoo.com)

### Abstract

Product damage is a significant issue within companies. The negative impact of damaged products on companies is in terms of profits or earnings. The purpose of this study is to analyze the causes of product damage, record and calculate the inventory of damaged products, and analyze efforts to reduce damaged products at Nora Store for five months, from August to December 2025. This research was conducted using a descriptive quantitative research method to determine the management of damaged or expired products at Nora Store and the recording of damaged product inventory. The results showed that at Nora Store, damaged products could not be returned to the distributor, so they were immediately discarded and recorded as damaged product costs, which automatically reduced the store's profits from the sale of these beverage products.

Keywords: Nora Store, Lawe Bulan Subdistrict, Southeast Aceh Regency

### INTRODUCTION

Every month, trading companies and manufacturing companies inevitably have damaged or expired products. Of course, companies record what products are damaged and the quantity of damaged products every month, because not all of these products can be returned to distributors. Every product will eventually expire. Damaged products can be caused by two factors. First, damaged products are caused by external conditions, such as difficult work specifications set by the customer, or what is often referred to as "extraordinary causes." Second, damaged products are caused by internal company factors, such as worker negligence, equipment limitations, or facility damage. This condition is commonly referred to as "ordinary causes."

The accounting for damaged products depends on the two causes of damaged products above. If the damaged products are caused by extraordinary circumstances, then the damaged products are treated as an addition to the cost of good products if the damaged products are still expected to be sold. Then, the estimated market value is treated as a reduction in production costs. This shows that the losses incurred are charged to the relevant order. If the defective products are caused by ordinary circumstances, the losses incurred are treated as factory overhead costs. If the company adds factory overhead costs to the cost of goods sold at a predetermined rate, then the estimated market value is treated as a reduction in production costs.

In the business world, every company always calculates the costs incurred for the capital of the business. For service companies, usually only services do not require a lot of costs, manufacturing companies definitely incur raw material costs, labor costs and other supporting costs, while trading companies purchase directly from distributors without any production process and can sell immediately.

Every trading company, service company, and manufacturing company (industry) will inevitably have defective or damaged products. Trading companies usually get these products from distributors (owners), while manufacturing companies get them due to a lack of precision in the production process. Companies must be able to manage their businesses as well as possible, especially in the production department, in order to continue operating efficiently, effectively, and reasonably, while maintaining product quality.

Defective products can be defined as products that fail or are commonly referred to as products that do not meet the quality standards of a good and marketable product. The issue of defective products is a very important issue within a company. The negative impact of these defective products is very detrimental to the company in terms of profits, and certainly these defective products are not suitable for sale to consumers. There are several possible causes of product defects, including limited tools in the production process, worker negligence, and a lack of thorough supervision of the manufacturing process.

To overcome defective products, manufacturers can only take preventive measures against their occurrence. Repairing defective products is very difficult because it is not part of the process and will increase costs. Therefore, companies can anticipate the occurrence of defective products. In addition, manufacturers can determine how to handle defective products. On this occasion, the researcher took Nora Store in Lawe Bulan District, Southeast Aceh Regency, as the object of study, which is a trading business established by Mrs. Nora and Mr. Pagan in 2012. Data management at Nora Store is still very minimal and manual, and does not use special company accounting reports. The obstacle that arises with using this manual system is the time required to do the bookkeeping and check the data on damaged goods/products, which takes a lot of time and energy and requires precision in doing it. In this study, the author limits the scope of the study to focus more on one type of damaged product, namely Sprite drinks.

Definition of Damaged Products Mulyadi (2014: 309) explains that damaged products are products that do not meet the established quality standards and cannot be repaired economically to become better products. Damaged products are different from leftover materials because leftover materials are materials that have been damaged during the production process and have not yet become products, while damaged products are products that have absorbed material costs, labor costs, and factory overhead costs. Bustami, et al (2010:123) define defective products as products produced in the manufacturing process that can be repaired at a certain cost, but the cost incurred tends to be greater than the selling price after the product has been repaired.

Every company engaged in the manufacturing industry that produces goods will always experience products that do not meet standards during the production process, in this case, defective products, flawed products, and so on. This is experienced by companies that use both process costing and job order costing methods. According to Mursyidi (2010:115), spoiled goods are failed products that cannot be repaired technically or economically to meet the established quality standards. Unlike scrap materials, spoiled goods have already absorbed all production costs (materials, labor, and factory overhead costs). Companies strongly desire to avoid product damage, as it results in decreased profits. Spoiled goods are products that are of inferior quality and have deficiencies from the production process. Spoiled goods have absorbed costs such as raw material costs, labor costs, and factory overhead costs, causing the company to suffer losses. Therefore, companies improve quality to avoid spoiled goods.

Firdaus & Wasilah (2012:69) state that defective goods are goods that do not meet production standards due to errors in materials, labor, or machinery and must be further processed to meet the specified quality standards so that they can be sold. The occurrence of damage to defective products is first determined by identifying the nature and cause of the damage, and secondly, there is the issue of accounting, namely recording costs and damaged units, calculating damage costs, and reporting to the department responsible for repairs. It can be said that the number of damaged products can be reduced or even avoided with these measures in the future.

According to Riwayadi (2014:17), damaged products are an important element that companies can analyze when reading quality cost reports. Companies often ignore this and focus more on the turnover of costs between sections or departments so that when quality cost reports are issued, the percentage of damaged products in relation to total quality costs is often very significant. Damaged products that occur during the production process refer to products that are unacceptable to consumers and cannot be reworked. Defective products are products that do not meet the established quality standards and cannot be economically reworked into good products.

According to the traditional view, a product is declared defective if its criteria fall outside the upper and lower limits of the established specifications. The specifications in question are the criteria that the product must meet in order to function as intended. Therefore, a product does not meet its specifications. A product is considered defective if it does not function properly or does not have the desired shape, and the damage is so severe that the product cannot be repaired or, if it can be repaired, the cost of repair is excessive compared to the value of the product itself. Therefore, the cause of the damage must be addressed to prevent further damage.

Damaged products must be avoided because companies will be able to earn the desired profits and there will be no returns from consumers for the goods sold. With good quality, the possibility of damaged products occurring in the process is small. Attention to quality is needed for companies and services, because with quality, it is possible to see whether the quality is good or bad. Damaged products are different from defective products and leftover materials, where in damaged products, either part or all of the unit has been damaged in some way. Damaged products cannot be repaired because it is technically impossible to do so, for example, in the case of incorrect coloring.

## METHOD

This study involves a population and a sample. The following are the definitions of population and sample according to experts: a. Population According to Sugiyono (2010), population is defined as a generalization area consisting of objects or sources that have certain qualities and characteristics determined by the researcher to be studied and then conclusions are drawn. The population in this study is the supply of Sprite beverage products in 2025. b. Sample According to Sugiyono (2010), a sample is a part of the population, for example, residents in a certain area. The sample in this study was taken only from the supply of damaged products from August to December 2025. c. Data Collection Techniques 1. Observation This is a data collection method conducted by observing the research object, which involves the author going directly to the research site. 2. Interviews This is a data collection method conducted by asking questions directly to shop owners related to the object or issue being studied, with the aim of completing the necessary data. 3. Documentation This is a data collection method that involves taking data from administrative records that are relevant to the issue being studied.

## RESULT

Inventory is an asset that includes goods owned by the company with the intention of being sold within a certain period or inventory of goods that are still in progress or in the production process, or inventory of raw materials awaiting use in a production process. This key element must be monitored regularly to keep the company stable. Damaged products are products produced in the production process that do not meet the established quality standards. Products that cannot be sold are those that have passed their consumption date, often referred to as expired products. Expired products cannot be sold and usually must be returned to the distributor. Recording damaged product inventory is essential for determining the percentage of damaged product inventory each month.

Figure 1. Graph of the Percentage of Damaged Sprite Products from August to December 2025

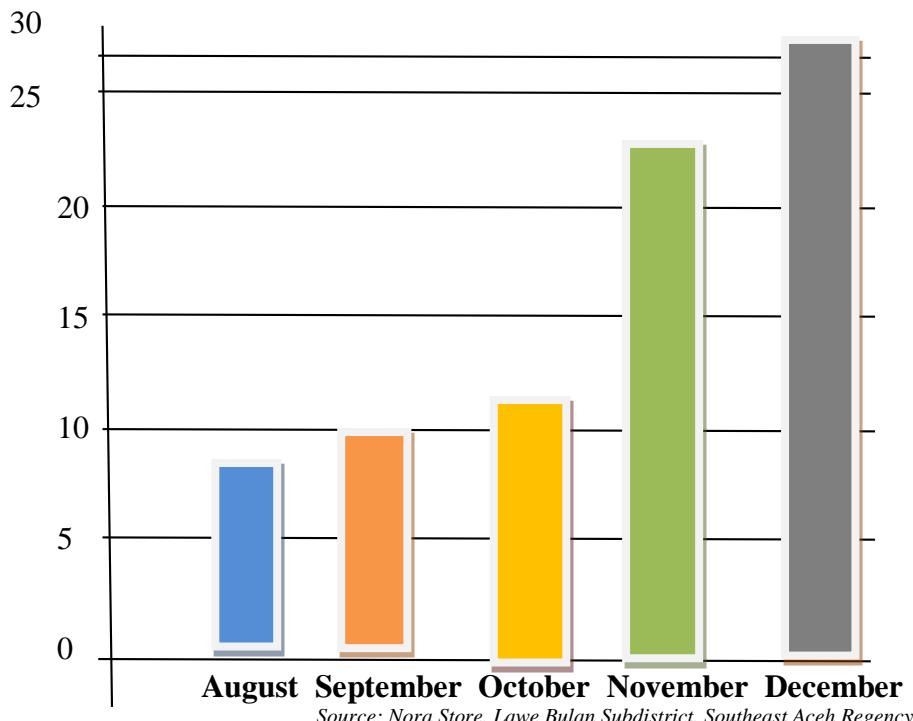


Figure 1. above is a graph showing the number of defective products each month, which has increased significantly. In August, the percentage of defective products was 6%, in September it was 8%, in October it was 10%, in November it was 20%, and in December it was 24%.

Table 1. Data on product inventory, number of damaged products, and percentage of damaged products at Nora's Store in August, September, October, November, and December 2025.

NB	MONTH	NUMBER OF PRODUCTS	NUMBER OF DEFECTIVE PRODUCTS	PERCENTAGE OF DEFECTIVE PRODUCTS
1.	August	132 Bottle	22 Bottle	6 %
2.	September	96 Bottle	12 Bottle	8 %
3.	October	1200 Bottle	120 Bottle	10 %

4.	November	300 Bottle	15 Bottle	20 %
5.	December	600 Bottle	25 Bottle	24 %

Source: data processed in 2025

Based on Table 2 above, the number of damaged products each month varies. In August, the number of damaged products was 22 bottles with a percentage of 6%. In September, the number of damaged products was 12 bottles with a percentage of 8%. In October, the number of damaged products was 120 bottles with a percentage of 10%. In November, the number of damaged products was 15 bottles with a percentage of 20%, and in December, the number of damaged products was 25 bottles with a percentage of 24%. The cause of damaged products is that the products are not monitored and rarely checked by employees, so the products have expired and can no longer be sold. Calculation of profits from Sprite beverage sales from August to December 2025.

Table 2. Calculation of Sprite beverage profits from August to December 2025.

Sprite Beverage Sales Calculation		
Sprite Beverage Calculation: Number of products per month x Sprite selling price • August: 132 bottles x Rp. 5,000 • September: 36 bottles x Rp. 5,000  60 bottles x Rp. 4,000.- • October: 1200 bottles x Rp. 4,000.- • November: 300 bottles x Rp. 4,000.- • December: 600 bottles x Rp. 4,000.-	Rp. 660.000.- Rp. 180.000.- Rp. 240.000.- Rp. 4.800.000.- Rp. 1.200.000.-  Rp.2.400.000.-	
Total Sales for 5 months		Rp. 9.480.000.-
Calculation of Damaged Products Number of damaged products per month x Selling price of Sprite • August: 22 btl x Rp. 5.000.- • September: 12 btl x Rp. 5.000.- • October: 120 btl x Rp. 4000,- • November: 300 btl x Rp. 4.000.-  • December: 600 btl x Rp. 4.000.-	Rp. 110.000.- Rp. 60.000.-  Rp. 480.000.- Rp. 60.000.- Rp.100.000.-	
Total cost of damaged products over 5 months		Rp.(810.000.-)
<b>Profit from Sprite beverage sales over 5 months Rp. 8.670.000.-</b>		

Source: data processed in 2025

Table 2. presents the manual calculation of Sprite sales over a period of 5 months and is recorded in the Sprite sales calculation table if all products are sold for a total of Rp. 9,480,000 and the total cost of damaged products over 5 months is Rp. 810,000. The cost of damaged products is directly deducted from the profit because the damaged products cannot be returned

to the distributor. The damaged products are immediately discarded from the store and recorded as damaged product costs, reducing the store's profit. The profit from Sprite beverage sales over a 5-month period, if all products are sold, is recorded at Rp. 8,670,000. Journal to record revenue from Sprite beverage sales for August through December 2025 Cash Rp. 8,670,000 Revenue of Rp. 8,670,000 Based on the journal above, it can be seen that the store records and calculates the inventory of damaged products and takes them into account because they cause losses to the store, which are caused by goods that cannot be returned to the distributor. Damaged or expired goods are simply discarded, reducing the profits or revenue earned.

Efforts made by the store to reduce damaged products include, among other things, requiring employees to check the expiration dates on bottles more frequently so that there are no more damaged products, requiring employees to carefully check incoming goods so that any defective or unsellable items can be returned immediately, thereby reducing the number of damaged products that often occur in stores.

## CONCLUSION

Nora Store purchases Sprite beverages directly from its distributor. From this direct research, the author also obtained information about the company's research based on the above journal, which shows that the company records and calculates damaged product inventory and includes it in the company's profit calculations. Damaged or expired products cannot be returned to the distributor and are immediately discarded. Therefore, the revenue from the sale of Sprite beverages is presented in the company's income statement as revenue. The total sales costs for August, September, October, November, and December 2025 amounted to Rp. 9,480,000. The cost of damaged products is not included in production costs because it reduces the company's recorded profit by Rp. 810,000. Therefore, the store's profit if all products are sold is recorded at Rp. 8,670,000.

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# JURNAL PENELITIAN PROGRESSIF

Vol 5 No 1 (2026): SEPTEMBER 2025 - FEBRUARY 2026 | DOI: <https://doi.org/10.61992/ipp.v5i1.305>  
| E-ISSN:2963-4369

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